SSAB
FINANCIAL REPORTS
2016

FINANCIAL REPORTS 2016

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BOARD OF DIRECTORS' REPORT

SSAB AB (publ) Registration number 556016-3429

- Sales were SEK 55,354 (56,864) million
- Operating profit before depreciation/amortization was SEK 4,951 (3,593) million
- Operating profit/loss was SEK 1,213 (-243) million
- The result after financial items was SEK 324 (-1,171) million
- Earnings per share were SEK 1.04 (-0.66)
- Operating cash flow was SEK 3,207 (3,874) million
- The Board proposes that no dividend will be paid for 2016

Key figures

SEK millions	2016 Full year	2015 Full year
Sales	55,354	56,864
Operating profit before depreciation/amortization, EBITDA	4,951	3,593
Operating profit/loss	1,213	-243
Profit/loss after financial items	324	-1,171
Profit/loss after tax	943	-505
Earnings per share (SEK)[1)]	1.04	-0.66
Operating cash flow	3,207	3,874
Net debt/equity ratio (%)	34	52

1) Earnings per share have been adjusted based on the bonus issue element in the rights issue.

The market

According to the World Steel Association (WSA), global crude steel production in 2016 was 1,604 (1,592) million tonnes, up by 0.7% compared with 2015. Chinese crude steel production was up by just over 1% in 2016 and accounted for 50% of global steel production. In the EU-28, steel production was down by just over 2% (mostly driven by Great Britain), whereas production in North America was unchanged in 2016 compared with 2015.

In North America, demand was weak early on in the fourth quarter, but the decision to impose provisional import duties on heavy plate changed the situation and demand for North American steel producers rose significantly during the second half of the quarter. Demand during the fourth quarter remained stable in Europe and the usual slowdown in demand towards the end of the year was less than normal. In Europe, stock levels at distributors are considered as being in balance, whereas they are thought to be somewhat low in North America.

Taking the year as a whole, demand in the North American market was volatile, with good demand during the first half of the year, followed by very weak demand and then recovery towards the end of the year. High import volumes of heavy plate into North America continued until the decision in November to introduce provisional import duties. In Europe, demand growth was fairly stable throughout the year, with a certain amount of stock building during the first quarter, followed by a balance between underlying and actual demand.

In North America, market prices for heavy plate fell throughout the third quarter and continued falling during the first half of the fourth quarter. Since then, market prices have increased significantly and leading heavy plate producers have announced several price increases. In Europe, market prices for strip and heavy plate continued to rise during the first half of the fourth quarter, but stalled towards the end of the quarter. In China, market prices for both strip and heavy plate rose during the third quarter and continued to rise also during the fourth quarter.

Raw materials

SSAB sources its iron ore from LKAB in Sweden and from Severstal in Russia. A new price agreement for supplies of iron ore was signed with LKAB during the second quarter of 2016 and is valid from April 1, 2016 until March 31, 2017. Prices are fixed quarterly. The agreement with Severstal runs from October 1, 2015 until September 30, 2018 and prices are fixed monthly. Pellet supply prices for the full year 2016 were up 2% in USD and 16% in SEK compared with the full year 2015.

SSAB sources coking coal from Australia, the USA, Canada and Russia. Price agreements for Australian, Canadian and Russian coal are entered into monthly, whereas price agreement for most USA coal is entered into quarterly. Average coal prices for the full year 2016 were 21% higher in USD and 27% higher in SEK compared with the full year 2015.

The US operations regularly purchase scrap metal as a raw material for their production. Spot prices for scrap metal rose sharply during the fourth quarter of 2016. Spot prices were 54% higher in USD compared with the end of the fourth quarter 2015.

Synergies and other cost savings measures

The integration with Rautaruukki has been completed and the synergy program concluded at the end of the second quarter of 2016. The annual run rate of SEK 2.0 billion in synergies achieved significantly exceeded the original target of SEK 1.0-1.35 billion, and the synergies were also realized one year earlier than originally planned. The subsequently announced target to reduce the total cost level (including synergies) by SEK 2.8 billion on an annual basis compared with the cost level at time of the acquisition of Rautaruukki, was exceeded by the end of 2016. The annual run rate in cost reduction achieved is SEK 3.0 billion.

SSAB's goal to reduce the total workforce by the end of 2016 by around 2,400 employees compared with the time of the acquisition of Rautaruukki was achieved at the end of the fourth quarter. The total headcount has decreased by over 2,500.

Items affecting comparability included in the result

Items affecting comparability included in the result after tax amounted to SEK -62 (-104) million. Specification of items affecting comparability in the table below.

Specification of items affecting comparability

SEK millions	2016 Full year	2015 Full year
Operating expenses		
Write-down of assets, eastern Europe	-	-15
Write-down/gains & losses, assets held for sale	-	-16
Restructuring related to synergies	-	-135
Costs related to Ruukki Construction savings program	-79	-47
Gain, sale of real estate	-	122
Other	-	-23
Effect on operating profit/loss	**-79**	**-114**
Financial costs		
Transaction tax (Finnish standard rate tax on acquisitions of shares)	-	-5
Effect on profit after financial items	**-79**	**-119**
Taxes		
Tax effects	17	15
Effect on profit/loss after tax	**-62**	**-104**

Shipments and production

SSAB's shipments during the full year 2016 were 6,652 (6,436) thousand tonnes, up 3% compared with the full year 2015.

Crude steel production was up 5% and rolling production was up 4% compared with the full year 2015.

Sales

Sales for the full year were SEK 55,354 (56,864) million, down 3% compared with the full year 2015. Lower prices had a negative impact of 11 percentage points and a weaker product mix had a negative impact of 1 percentage point, whereas currency effects had a positive impact of 6 percentage points and higher volumes had a positive impact of 3 percentage points.

Net sales per market

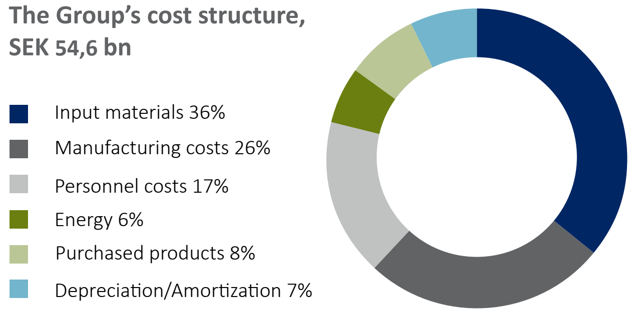
SEK millions	2016	Share, %	2015	Share, %
USA	13,071	24	11,843	21
Sweden	9,461	17	9,519	17
Finland	6,258	11	6,571	12
Germany	3,229	6	3,210	6
Noway	2,727	5	2,696	5
Other	20,608	37	23,025	39
Total	**55,354**	**100**	**56,864**	**100**

Earnings

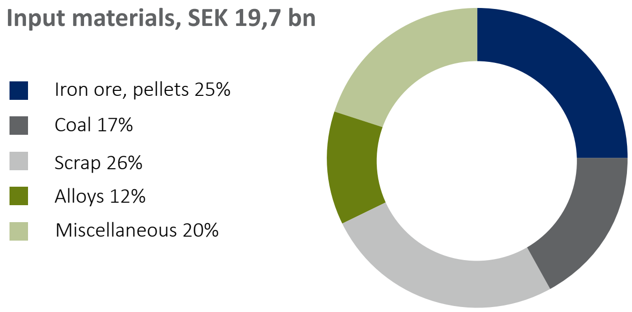
Operating profit for the full year was SEK 1,213 (-243) million, up SEK 1,456 million compared with the full year 2015. Improved earnings were mainly due to lower variable and fixed costs, positive currency effects, higher volumes and better capacity utilization. However, the impact of this was counteracted by lower prices.

Financial items for the full year were SEK -889 (-928) million and the result after financial items was SEK 324 (-1,171) million.

The Group's cost structure, SEK 54,6 bn

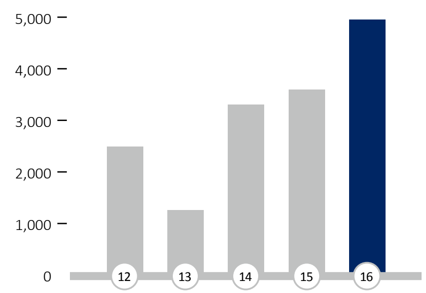


Input materials, SEK 19,7 bn



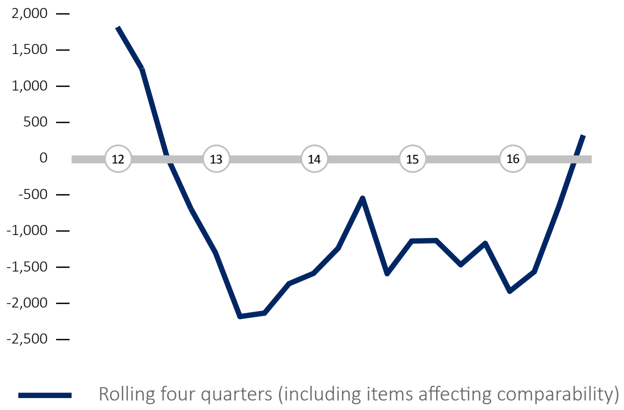
EBITDA

SEK m



Profit/loss after financial items

SEK m



Profit/loss after tax and earnings per share

Profit/loss after tax (attributable to shareholders) for the full year was SEK 937 (-508) million, equating to SEK 1.04 (-0.66) per share. Tax for the full year was positive at SEK 619 (666) million.

Cash flow, financing and liquidity

Operating cash flow for the full year was SEK 3,207 (3,874) million. The year was positively affected primarily by cash flow from earnings before depreciation/amortization, but was negatively impacted by a build-up of working capital mostly through higher accounts receivable and higher inventories.

Net cash flow was SEK 6,875 (2,283) million. Net cash flow was affected positively, among other things, by proceeds of SEK 4,907 million from the rights issue, but negatively by payments for strategic expenditures, including acquisitions of businesses and operations, of SEK 319 (691) million (total capital expenditure amounted to SEK 1,372 (2,582) million). Net debt decreased by SEK 5,269 million during the full year and at December 31 amounted to SEK 17,887 million. The net debt/equity ratio at year end 2016 was 34% (52%).

The term to maturity of the total loan portfolio at December 31 averaged 5.1 (4.6) years, with an average fixed interest period of 0.8 (1.1) years.

Cash and cash equivalents were SEK 3,879 (2,711) million and non-utilized credit facilities were SEK 7,096 (8,308) million, which combined corresponds to 20% (19%) of 12 months' rolling sales.

Operational cash flow and net debt

SEK millions	2016 Full year	2015 Full year
Operating profit before depreciation/amortization	4,951	3,593
Change in working capital	-661	1,987
Maintenance expenditures	-1,053	-1,891
Other	-30	185
Operating cash flow	**3,207**	**3,874**
Financial items	-994	-796
Taxes	80	-276
Cash flow from current operations	**2,293**	**2,802**
Strategic capital expenditures in plants and machinery	-273	-655
Acquisitions of shares and operations	-46	-36
Divestments of shares and operations	-	172
Cash flow before dividend	**1,974**	**2,283**
Dividend to the Parent Company's shareholders	-	-
Rights issue	4,907	-
Dividend non-controlling interest	-6	-
Net cash flow	**6,875**	**2,283**
Net debt at beginning of period	-23,156	-24,674
Net cash flow	6,875	2,283
Revaluation of liabilities against equity[1]	-1,342	-719
Other[2]	-264	-46
Net debt at end of period	**-17,887**	**-23,156**

[1] Revaluation of hedging 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.

Return on capital employed/equity

Return on capital employed before tax and return on equity after tax for the full year were both 2%, whereas figures for the full year 2015 were 0% and -1% respectively.

Equity

With earnings of SEK 937 million and other comprehensive income (mostly consisting of translation differences) of SEK 2,654 million, together with the proceeds of SEK 4,907 million from the rights issue completed during the second quarter, shareholders' equity in the company was SEK 52,891 (44,393) million, equating to SEK 51.36 (80.82) per share.

Assets with undeterminable useful life

Consolidated assets with underterminable useful life amounts are allocated to the group's cash-generating units as shown in the table below.

SEK millions	2016 31 Dec	2015 31 Dec
Goodwill		
SSAB North America (incl. in the SSAB Americas division)	24,741	22,910
SSAB Special Steels	2,636	2,529
SSAB Europe	1,985	1,905
Tibnor	487	467
Ruukki Construction	60	60
Total goodwill	**29,909**	**27,871**
Ruukki Construction (tradename Rautaruukki)	427	410
Total assets with undeterminable useful life[1)]	**30,336**	**28,281**

[1)] All changes in value compared with the previous year are due to currency effects.

Goodwill is tested for impairment each year towards the end of the fourth quarter. The impairment test showed no indication of a need for an impairment charge. The head room for deterioration in the estimates regarding the cash generating unit SSAB North America decreased somewhat compared with 2015 primarily because of higher long-term interest rates in the USA. For additional information, see Note 6.

Dividend

A dividend is proposed of SEK 0 (0) per share. For consideration, see Note 31.

Business segments

The Group is organized into five 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 by their respective Boards and act at arm's length in relation to SSAB.

SSAB SPECIAL STEELS

SSAB Special Steels has global responsibility for the marketing and sales of all SSAB's quenched and tempered steels (Q&T) and hot-rolled, advanced high-strength steels with yield strengths of 700 MPa and above. SSAB Special Steels is responsible for steel and rolling production in Oxelösund (Sweden), and for sales of the above products produced in Mobile (USA), Raahe (Finland) and Borlänge (Sweden). When SSAB Special Steels sells steels made by another division, the revenue is reported by SSAB Special Steels and the accounts are settled between the divisions at the cost of goods sold.

SSAB EUROPE

SSAB Europe has responsibility for strip, plate and tubular products in Europe and global profit responsibility for the Automotive segment (cold-rolled strip). SSAB Europe is responsible for steel and plate production in Raahe and Hämeenlinna (Finland), and in Luleå and Borlänge (Sweden).

SSAB AMERICAS

SSAB Americas has profit responsibility for heavy plate in North America and for steel and plate production in Montpelier and Mobile, USA.

TIBNOR

Tibnor is the Group's distributor of a full range of steel and non-ferrous metals in the Nordic region and Baltics. Tibnor buys and sells materials produced both by SSAB and other suppliers.

RUUKKI CONSTRUCTION

Ruukki Construction is responsible for the sales and production of energy-efficient building and construction solutions, with a focus on northern and eastern Europe. Ruukki Construction includes Plannja.

Net sales per business segment

SEK millions	2016 Full year	2015 Full year
SSAB Special Steels	12,582	14,382
SSAB Europe	25,831	25,517
SSAB Americas	10,639	11,936
Tibnor	6,879	7,163
Ruukki Construction	5,304	5,374
Other	-5,881	-7,508
Total	**55,354**	**56,864**

Operating profit before depreciation/amortization (EBITDA) per business segment

SEK millions	2016 Full year	2015 Full year
SSAB Special Steels	1,453	1,213
SSAB Europe	2,458	1,239
SSAB Americas	737	1,043
Tibnor	191	154
Ruukki Construction	322	109
Other	-210	-165
Total	**4,951**	**3,593**

Items affecting comparability incl. in operating profit/loss, per quarter and business segment

	Pro forma											
SEK million	1/14	2/14	3/14	4/14	1/15	2/15	3/15	4/15	1/16	2/16	3/16	4/16
SSAB Special Steels	-	-	-	-	-	-	-	-	-	-27	-	-
SSAB Europe	-	1	-20	-61	-2	-2	-	-95	-	-49	-	-
SSAB Americas	-	-	-	-	-	-	-	-	-	-	-	-
Tibnor	-	-	-	-432	-20	-4	-	112	-3	-	-	-
Ruukki Construction	-	-31	-25	-273	-2	-4	-	-93	-	-	-	-
Other	-44	-37	-143	149	-6	1	-	-	-	-	-	-
Total	**-44**	**-67**	**-188**	**-617**	**-30**	**-9**	**-**	**-76**	**-3**	**-76**	**-**	**-**

The information about the business segments below excludes items affecting comparability and the depreciation/amortization on surplus values on tangible and intangible assets relating to the acquisitions of IPSCO and Rautaruukki. For information about the IFRS figures (including depreciation/amortization on surplus values or items affecting comparability), see Note 26.

SSAB Special Steels

Key numbers

SEK millions	2016 Full year	2015 Full year
Sales	12,582	14,382
Operating profit before depreciation/amortization, EBITDA	1,480	1,213
Operating profit/loss[1]	929	662
Operating cash flow	437	1,394
Number of employees at end of period	2,772	2,904

[1] Excluding depreciation/amortization on surplus values on intangible and tangible fixed assets related to the acquisition of Rautaruukki.

For the full year 2016, demand grew in the Heavy Transport segment, whereas other segments were more or less at the same level as in 2015.

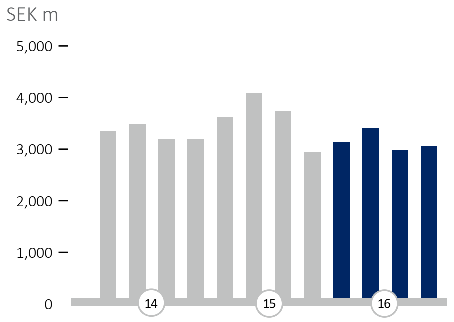
External shipments of steel for the full year 2016 were 1,008 (937) thousand tonnes, an increase of 8%.

Crude steel production for the full year was 975 (1,361) thousand tonnes, down 28% compared with the full year 2015. The decrease was due to the fact that the smaller blast furnace in Oxelösund was in operation for a major part of 2015, which was not the case in 2016.

Rolling production for the full year 2016 was down 1% compared to the full year 2015.

Sales for the full year 2016 were SEK 12,582 (14,382) million, down 13% compared with the full year 2015. Lower other sales (incl. internal sales of slabs) had a negative impact of 18 percentage units and lower prices had a negative impact of 8 percentage points, whereas higher volumes (of end products) had a positive impact of 8 percentage points and currency effects had a positive effect of 5 percentage points.

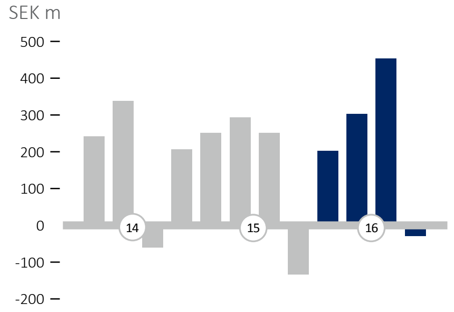
Sales per quarter[1]



[1] Qs 1–4, 2014 pro forma

Operating profit for the full year 2016 was SEK 929 (662) million, up SEK 267 million. This was primarily due to lower variable and fixed costs, higher volumes and positive currency effects, the impact of which was counteracted by lower prices and lower capacity utilization (due to the fact that also the smaller blast furnace in Oxelösund was in operation for a major part of 2015).

Operating profit/loss per quarter[1]



[1] Qs 1–4, 2014 pro forma

Operating cash flow for the full year 2016 was SEK 437 (1,394) million. Cash flow was negatively impacted by higher working capital with higher inventories and higher accounts receivable.

Capital expenditure payments during the full year 2016 were SEK 275 (290) million, of which SEK 25 (87) million were strategic investments.

SSAB Europe

Key numbers

SEK millions	2016 Full year	2015 Full year
Sales	25,831	25,517
Operating profit before depreciation/amortization, EBITDA	2,507	1,286
Operating profit/loss[1)]	1,050	-175
Operating cash flow	2,113	363
Number of employees at end of period	6,851	7,147

[1)] Excluding depreciation/amortization on surplus values on intangible and tangible fixed assets related to the acquisition of Rautaruukki.

Highest growth in demand for the full year 2016 was seen in the Automotive segment.

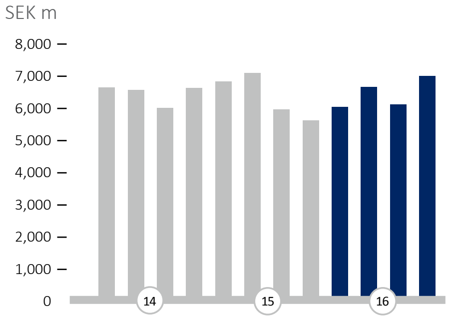
External shipments of steel for the full year 2016 were 3,720 (3,612) thousand tonnes, up 3% compared with the full year 2015.

Crude steel production for the full year was 4,681 (4,050) thousand tonnes, up 15%, primarily because the blast furnace in Luleå was in operation throughout 2016.

Rolling production for the full year 2016 was up 4% compared with the full year 2015.

Sales for the full year 2016 were SEK 25,831 (25,517) million, up 1% compared with the full year 2015. Higher volumes had a positive impact of 3 percentage points, currency effects a positive impact of 3 percentage points, other sales a positive impact of 2 percentage points and better product mix had a positive impact of 1 percentage point, whereas lower prices had a negative impact of 8 percentage points.

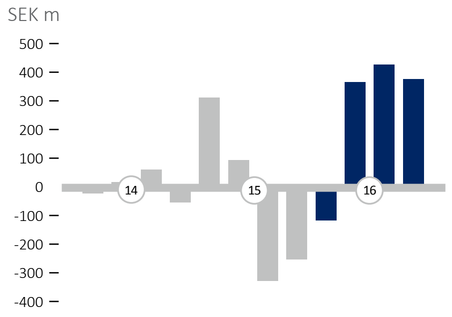
Sales per quarter[1)]



[1)] Qs 1–4, 2014 pro forma

Operating profit for the full year 2016 was SEK 1,050 (-175) million, up SEK 1,225 million. This was primarily due to lower variable and fixed costs, better capacity utilization and higher volumes, the impact of which was counteracted by lower prices.

Operating profit/loss per quarter[1)]



[1)] Qs 1–4, 2014 pro forma

Operating cash flow for the full year 2016 was SEK 2,113 (363) million. Cash flow was impacted positively primarily by improved earnings before depreciation/amortization, lower maintenance expenditure and lower working capital.

Capital expenditure payments for the full year were SEK 687 (1,828) million, of which SEK 127 (468) million were strategic investments, including acquisitions of operations and businesses.

SSAB Americas

Key numbers

SEK millions	2016 Full year	2015 Full year
Sales	10,639	11,936
Operating profit before depreciation/amortization, EBITDA	737	1,043
Operating profit/loss[1)]	110	428
Operating cash flow	426	1,763
Number of employees at end of period	1,222	1,240

[1)] Excluding depreciation/amortization on surplus values on intangible and tangible fixed assets related to the acquisition of IPSCO.

Demand from the Heavy Transport segment decreased. Demand for the full year 2016 rose primarily from Steel Service Centers and the Energy segment.

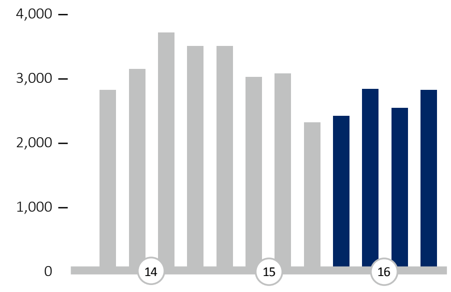
External shipments for the full year 2016 were 1,924 (1,888) thousand tonnes, up 2% compared with the full year 2015.

Crude steel production for the full year 2016 was up 7% compared with the full year 2015.

Rolling production for the full year 2016 was up 6% compared with the full year 2015.

Sales for the full year 2016 were SEK 10,639 (11,936) million, 11% lower compared with the full year 2015. Lower prices had a negative impact of 29 percentage points and a weaker product mix had a negative impact of 1 percentage point, whereas currency effects had a positive impact of 16 percentage points, higher volumes had a positive impact of 2 percentage points and other sales had a positive effect of 1 percentage point.

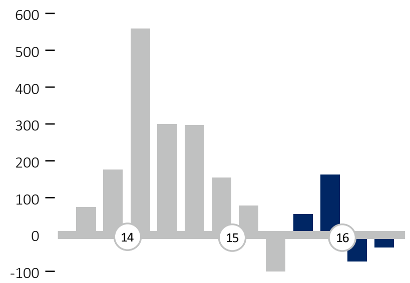
Sales per quarter[1)]



[1)] Qs 1–4, 2014 pro forma

Operating profit for the full year 2016 was SEK 110 (428) million, down SEK 318 million. Earnings were down primarily due to lower prices, the impact of which was counteracted by lower variable and fixed costs.

Operating profit/loss per quarter[1)]



[1)] Qs 1–4, 2014 pro forma

Operating cash flow for the full year 2016 was SEK 426 (1,763) million. Cash flow was impacted negatively by lower earnings and higher working capital with higher accounts receivable due to higher sales and higher inventories.

Capital expenditure payments during the full year 2016 were SEK 218 (356) million, of which SEK 55 (106) million were strategic investments.

Tibnor

Key numbers

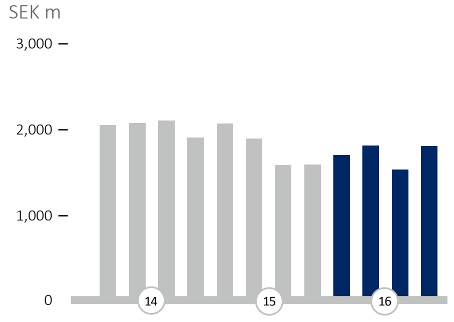
SEK millions	2016 Full year	2015 Full year
Sales	6,879	7,163
Operating profit before depreciation/amortization, EBITDA	194	65
Operating profit/loss[1)]	108	-10
Operating cash flow	191	375
Number of employees at end of period	1,137	1,208

1) Excluding depreciation/amortization on surplus values on intangible and tangible fixed assets related to the acquisition of Rautaruukki.

Shipments for the full year 2016 were up 3% compared with the full year 2015. Shipments were up primarily in the Strip Products and Rebar Products segments.

Sales for the full year of 2016 were SEK 6,879 (7,163) million, down 4% compared with the full year of 2015. This was primarily due to lower prices.

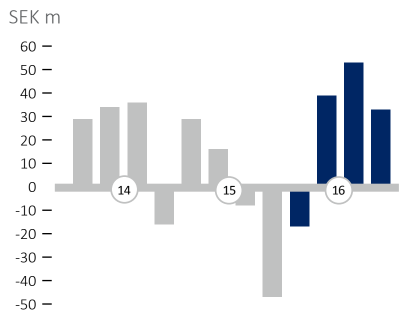
Sales per quarter[1)]



1) Qs 1–4, 2014 pro forma

Operating profit for the full year 2016 was SEK 108 (-10) million, up SEK 118 million. This was primarily due to lower variable and fixed costs as well as higher volumes, the impact of which was counteracted by lower prices.

Operating profit/loss per quarter[1)]



1) Qs 1–4, 2014 pro forma

Operating cash flow for the full year was SEK 191 (375) million. Cash flow was impacted positively by operating profit before depreciation/amortization and lower working capital.

Capital expenditure payments during the full year 2016 were SEK 51 (46) million, of which SEK 26 (17) million were strategic investments, including acquisitions of operations and businesses.

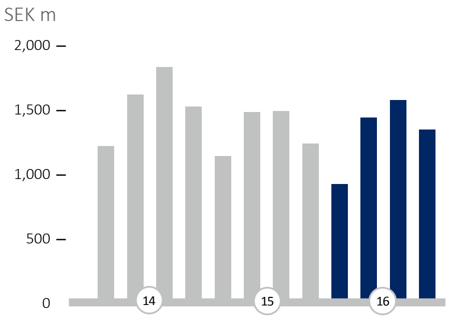
Ruukki Construction

Key numbers

SEK millions	2016 Full year	2015 Full year
Sales	5,304	5,374
Operating profit before depreciation/amortization, EBITDA	322	208
Operating profit/loss[1]	171	18
Operating cash flow	243	168
Number of employees at end of period	2,543	2,979

[1] Excluding depreciation/amortization on surplus values on intangible and tangible fixed assets related to the acquisition of Rautaruukki.

Sales per quarter[1]



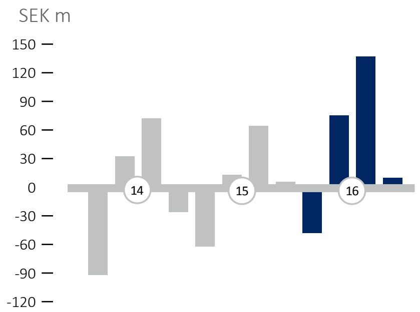
[1] Qs 1–4, 2014 pro forma

During the full year 2016, demand increased in Sweden, Poland and Finland, but decreased in Russia and Ukraine.

Sales for the full year 2016 were SEK 5,304 (5,374) million, down 1% compared with the full year 2015. This was primarily due to lower sales in the Residential Roofing and Russia segments. The impact of this was counteracted by increased sales in the Building Systems segment.

Operating profit for the full year 2016 was SEK 171 (18) million, up SEK 153 million. Improved earnings were primarily due to lower costs as a result of the cost savings program.

Operating profit/loss per quarter[1]



[1] Qs 1–4, 2014 pro forma

Cash flow was impacted positively by operating profit before depreciation/amortization, the impact of which was counteracted by higher working capital with higher inventories and accounts receivable.

Capital expenditure payments during the full year 2016 were SEK 114 (115) million, of which SEK 87 (78) million were strategic investments.

Capital expenditures and Research and development

CAPITAL EXPENDITURES

Capital expenditure payments during the full year were SEK 1,372 (2,582) million, of which SEK 319 (691) 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 provides 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.

Since the acquisition of Rautaruukki, work has focused on harmonizing the production processes and the product portfolios of the two companies.

During the year, research and development investments amounted to SEK 280 (277) million.

Environment

Steel production is energy intensive and generates 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 emission 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 production levels, emissions into the air and water, noise levels and rules regarding landfill sites. All production sites comply with relevant local, state and federal environmental requirements and the Group holds mandatory environmental damage as well as liability insurance covering damage to third parties.

Permitted production at the Swedish plants[1)]

Thousand tonnes	Locality	Permitted production	Production 2016
Coke	Luleå	800	681
	Oxelösund	530	414
Hot metal	Luleå	-[2)]	2,186
	Oxelösund	2,000	905
Steel slabs	Luleå	2,500	2,063
	Oxelösund	1,900	910
Hot-rolled steel	Borlänge	3,200	2,139
	Oxelösund[3)]	1,000	535
Pickled steel	Borlänge	2,500	1,332
Cold-rolled steel	Borlänge	1,400	683
Annealed steel	Borlänge	650	586
Metal-coated steel	Borlänge	400	38
Organic-coated products	Borlänge	140	0
	Köping	30	15
	Finspång[4)]	40	33

1) In North Americas, the permitted production levels are determined through maximum permitted hourly production volumes and for Finnish sites there are no limits on production.
2) Not regulated.
3) Delivery of plate.
4) Unit million m^2.

Personnel

SSAB's goal to reduce the total workforce (including temporary employees) by the end of 2016 by 2,400 employees compared with the time of the acquisition of Rautaruukki was achieved at the end of the fourth quarter of 2016. The total headcount has decreased by over 2,500. The reduction has been achieved through a number of restructuring programs and redundancies, as part of the efficiency and synergy program which was announced in 2014. The reduction in the total number of employees (incl. temporary employees) has affected all segments and mainly Sweden and Finland.

At year-end 2016, the number of employees (excluding temporary employees) amounted to 14,980 (16,045). The total compensation to employees including social security expenses and pension cost, amounted to SEK 9,481 (9,673) million.

Number of employees at year-end

	2016	2015
SSAB Special Steels	2,772	2,904
SSAB Europe	6,851	7,147
SSAB Americas	1,222	1,240
Tibnor	1,137	1,208
Ruukki Construction	2,543	2,979
Other	455	567
Total	**14,980**	**16,045**

Compensation to senior executives

THE BOARD'S PROPOSAL FOR GUIDELINES FOR 2017

For 2017, the Board proposes that compensation to the President and other members in the Company's senior management shall comprise of:

- fixed salary;
- 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, currently eight persons other than the President. 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 compensation shall be related to the executive's responsibilities and authority. The variable compensation 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 compensation may be included in the basis for pension computation due to legislation or practice in the local market.

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 in 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.

SHORT-TERM VARIABLE SALARY COMPONENTS IN 2016 (INCLUDING SENIOR EXECUTIVES)

In conjunction with the acquisition of Rautaruukki, the Board decided on a temporary retention/incentive program for a number of key employees who were working on the integration of Rautaruukki, among them certain members of the Group Executive Committee, including the President. This temporary retention/incentive program replaced existing variable salary components during the corresponding period of time in respect of the key employees participating in the program. The program was extended over 18 months (July 1, 2014 – December 31, 2015) and was contingent on the results that the Company achieved, with the target being related to the Group's EBITDA margin compared with a number of comparable steel companies during the measurement period. Participants have received a pay-out of the guaranteed retention component of 50% of the maximum amount. For the President and members of the Group Executive Committee, this has been reported as "Short-term variable salary" in Note 2.

For the other members of the Group Executive Committee, the short-term variable salary component for 2016 is linked to:

- the Group's EBITDA margin relative to a number of comparable steel companies;
- working capital/net sales
- an injury frequency target established by the Board, and
- one or more individual targets.

LONG-TERM VARIABLE SALARY COMPONENTS IN 2016 (INCLUDING SENIOR EXECUTIVES)

In 2011, a long-term incentive program was introduced covering then a maximum of 100 (now 150) key employees throughout the Group, including the President and other senior executives.

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. For participants in the program outside North America, the result is capped at between 18 and 30% of fixed salary. The maximum outcome for participants in North America is in line with the restrictions which applied under the earlier North American program. 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 42 million in the event of target realization, and SEK 66 million in the event of maximum realization, of which approximately two-thirds constitutes the cost for participants in North America. The purpose of the program is to promote the Company's ability to recruit and retain key employees.

For more detailed information regarding applicable compensation and benefits, see Note 2.

Risk and sensitivity analysis

RISKS AND OPPORTUNITIES

SSAB's earnings and financial position are affected by many factors, several of which are beyond the company's control. These include general political and economic conditions affecting the steel markets. Many of these factors can impact SSAB positively or negatively. Positive development or proper management of a risk can lead to opportunities and value creation.

OVERALL RISK MANAGEMENT

SSAB has prioritized identifying and analyzing risks, as well as deciding how they are to be addressed. Responsibility for the long-term, overall management of strategic risks is dictated by the company's delegation policy, namely from the Board to the CEO and from the CEO to the leaders of each division and subsidiary. Consequently, most of the Group's operational risks are managed by each respective division, but coordinated across divisions when necessary. The leaders of each division and subsidiary performs a yearly review of risks in connection with the strategy process. The findings are presented and discussed at a SSAB Board meeting. The Group Legal function is responsible for global risk management, assessing insurable risks. The Group risk manager is functionally responsible for the Group's risk management work and works with each divisional risk manager to optimize the work from a group-wide perspective. The Group's treasury function is responsible for managing financial risks.

For many years, SSAB has had an internal audit unit which, among other tasks, identifies risk areas and, based on a risk analysis, conducts internal controls 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.

Operational risks

Risk factor	Risk description	Response and initiatives
BUSINESS CYCLE	The steel industry is strongly affected by fluctuations in the business cycle, such as in products and raw materials. The sensitivity to business cycle fluctuations is also influenced by the high percentage of fixed costs due to the large capital expenditures that characterize the steel industry.	SSAB focuses on high-strength steels as one way to minimize the cyclical nature of its earning capacity. A continuous focus on developing niche products will enable SSAB to maintain and strengthen its position in relation to its competitors. Another way SSAB reduces sensitivity to the business cycle is by focusing on the company's home markets, namely North America and the Nordic region. In these markets, SSAB strives to be the customers' supplier of choice by offering short delivery times, superior quality and close, long-term relationships. SSAB also offers value-added services based on its industry-leading know-how in the field of high-strength steels, offering customers the ability to create innovative solutions. SSAB works closely with customers or at one of its many research facilities to develop these innovative solutions. SSAB also works to cut costs and increase flexibility in its operations in order to lessen the effects of downturns in the business cycle. With the acquisition of Rautaruukki, SSAB is exploring even more possibilities to cut costs across the company.
POLITICAL DECISIONS	SSAB operates in many countries and is therefore affected by both country-specific and international regulations related to general tax and financial reporting rules, as well as more specific rules concerning trade barriers, the environment and energy policy.	SSAB participates in national and international industry organizations in which the monitoring of relevant events plays an important role. In the USA, the Group has a separate function for this purpose, based in Washington, DC. One focus area for SSAB is environmental and energy legislation, with the EU's emissions trading system being of critical importance for SSAB's operations. In this area, SSAB acts via industry organizations and directly in explaining the importance of emissions allowances regulations and their impact on SSAB. Since steel production takes place in both Europe and the USA, exposure to various trade barriers has been reduced.

Operational risks, cont.

Risk factor	Risk description	Response and initiatives
CUSTOMERS AND SUPPLIERS	Dependence on individual major customers and/or suppliers may entail major inherent risks; with significant consequences were deliveries to or from such customers or suppliers to cease.	SSAB has a diversified customer base and thus has little dependence on individual customers. Credit risks are managed by each division and subsidiary, based on the Group's credit policy. There is also great diversity in the company's suppliers. However, this is not the case with SSAB's most important raw materials, namely coal and iron ore, where the number of potential suppliers is limited. Coal is purchased from a number of major suppliers around the world, and iron ore is currently purchased from LKAB in Sweden and from Severstal in Russia. However, since the price of iron ore is set on the world market, it is in principle the same regardless of supplier. SSAB has signed long-term supply agreements with both LKAB and Severstal in order to ensure physical supplies, while proximity to iron ore reduces the risk of long-term delivery problems.
ENVIRONMENT	Steel production is energy and resource intensive and has a significant impact on the environment. In both Sweden and Finland, SSAB's blast furnaces are among the largest sources of carbon dioxide emissions.	In pace with technical developments and more stringent environmental requirements, SSAB is continuously striving to minimize its environmental impact. SSAB's steel mills are among the most efficient in the world in terms of carbon dioxide emissions and in terms of reductions in emissions. SSAB is participating in a number of research projects aimed at minimizing carbon dioxide emissions and achieving safe carbon capture and storage. During 2016, SSAB initiated a project that evaluates the possibilities for a long-term transition to hydrogen-based ironmaking and an almost carbon-free steel industry. More information about SSAB's environmental issues is provided in the GRI report on www.ssab.com.

Operational risks, cont.

Risk factor	Risk description	Response and initiatives
PRODUCTION	Steel production takes place in a chain of different processes, in which disruptions in one part of the chain can rapidly have serious consequences on other parts. Operational disruptions, such as those due to transportation problems and damage caused by fire, explosions and other types of accidents, may be costly.	Each division and subsidiary is responsible for pro-active work to prevent loss. Risks relating to personal injury and damage to property and the environment (insurable risks), work on preventing injury and damage from occurring at all, and work on minimizing the effects of injury or damage if it nevertheless occurs, are managed within the Group's risk management organization. SSAB's Group risk manager is functionally responsible for this work on risks on a group-wide perspective and works with the risk manager in each division. Risk management work is conducted in accordance with a risk management policy which emphasizes the following: • proactive work to prevent injury and damage (initiate, coordinate and manage) • risk and cost optimization (insurance management). Continuity plans, property insurance and business disruption insurance are in place to minimize costs caused by this type of problem. The risk of disruptions in one part of the process having an impact on other parts of the process is minimized by maintaining stocks of crucial raw materials, products in progress and finished products, and by alternative process flows.
EMPLOYEE-RELATED ISSUES	SSAB needs to attract and retain skilled, motivated employees in order to be able to conduct operations with good profitability for the long term. SSAB's niche strategy requires continuous development of strong processes and products, making skills development in these areas particularly important. The company's reputation can be rapidly eroded if safety, responsibility for the environment, and ethics are called into question.	Issues related to safety, environmental responsibility and ethics are prioritized in day-to-day work, as well as in the long term through training and by influencing attitudes. Stringent safety rules are in place in each division, and must be complied with by SSAB's employees and hired personnel, as well as by external contractors. Skills development, especially management training, is a high priority. SSAB also conducts a regular engagement for all employees in the entire company. The survey is an important tool for managers at all levels to develop as leaders and improve work on their teams. Salaries are competitive to employees' respective markets.

Financial risks

International operations such as those at SSAB involve a number of financial risks in the form of financing, liquidity, interest rate, currency and credit risks. The management of these risks is governed by the Group's Finance Policy, which has been adopted by the Board of Directors. Most financial transactions take place through the parent company's treasury function in Stockholm and through SSAB Finance in Belgium. For further information about the Group's financial risk management, see Note 28.

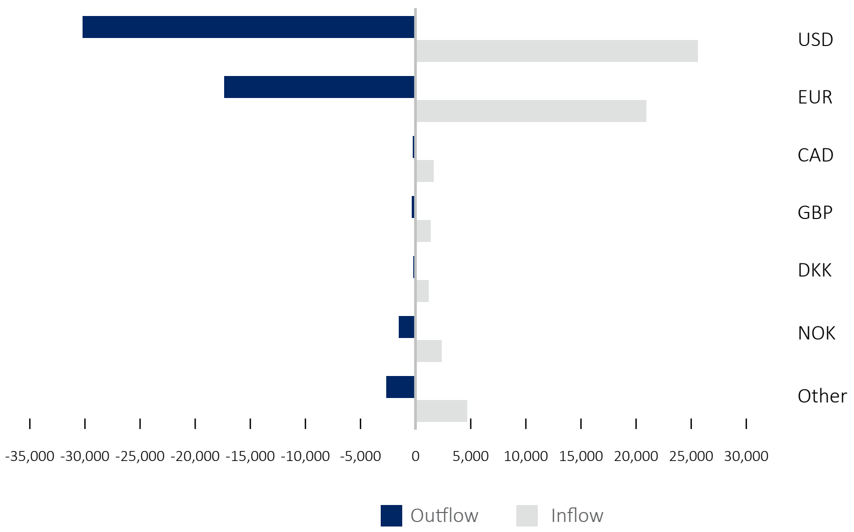
Risk factor	Risk description	Response and initiatives
REFINANCING RISK/ LIQUIDITY RISK	'Refinancing risk/liquidity risk' means the risk of SSAB being unable to pay its obligations due to insufficient liquidity or difficulties in raising new loans.	The borrowing strategy is focused on securing the Group's 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, should exceed 10% of the Group's sales.

Financial risks, cont.

Risk factor	Risk description	Response and initiatives
MARKET	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. The fixed-rate term on borrowing may be adjusted through the use of interest rate swaps. **Currency risks:** SSAB's currency exposure largely relates to the translation risk regarding net assets of foreign subsidiaries. This exposure is hedged through borrowing in foreign currency, so-called equity hedge. Exceptions are made in the case of small amounts, e.g. for equity in foreign sales companies. The objective with the equity hedge is to minimize the translation impact on the net debt/equity ratio. The Swedish krona (SEK) is the base currency. In order to manage the transaction risk, most of the commercial currency flows which qualify for hedge accounting (at present purchases of coal and iron ore in USD and sales in EUR) are hedged. Major investments 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 net currency inflow in 2016 was SEK 5.1 (4.7) billion. The Group's most important currency flows are shown in the adjacent diagram.

Currency flow 2016

SEK m



Financial risks, cont.

Risk factor	Risk description	Response and initiatives
CREDIT	'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 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 policy.

Sensitivity analysis

The approximate full-year effect on profit/loss after financial items and earnings per share of changes in significant factors is shown in the sensitivity analysis below.

	Change, %	Effect on earnings, SEK millions	Effect on earnings per share, SEK[2]
Steel price - steel operations	10	4,230	3.20
Volume - steel operations[1]	10	870	0.66
Iron ore prices	10	490	0.37
Coal prices	10	330	0.25
Scrap metal prices	10	520	0.39
Interest rate	1% point	100	0.08
Krona index[3]	5	460	0.35

[1] Excluding the effect of lower capacity utilization (under absorption).
[2] Calculated based on a 22% tax rate.
[3] Calculated on SSAB's exposure without currency hedging. Any weakening of the Swedish krona entails a positive effect.

The share

SSAB's shares are listed on the Nasdaq OMX Stockholm's Large Cap List in Sweden. In conjunction with SSAB's completion of the combination with Rautaruukki, SSAB applied for a secondary listing on Nasdaq OMX Helsinki, Finland, where SSAB's shares have been listed since August 1, 2014.

SHARE CAPITAL

On June 27, 2017, SSAB completed a rights issue which increased the number of SSAB's class B shares by 480,589,816, having a value of SEK 4,907 million (after transaction costs). Following the rights issue, the share capital amounted to SEK 9,062 (4,833) million and the number of shares is 1,029,835,326, of which 304,183,270 are class A shares and 725,652,056 class B shares. The quotient value/par value per share is SEK 8.80. At the end of 2016 the votes are a total of 376,748,476, whereas each class A share carries one vote and each class B share carries one-tenth of one vote.

OWNERSHIP STRUCTURE

At the end of 2016, SSAB had 102,866 shareholders.

SSAB's three largest owners in terms of voting rights at year-end 2016 were:

- Industrivärden 18.2%
- Solidium 11.0%
- LKAB 3.6%

At the end of December 2016, the ten largest identified owners, owned in total approximately 40.5% of the votes and 40.7% of the share capital. Owners outside of Sweden and Finland controlled 28.4% of the votes and 23.2% of the share capital.

CORPORATE GOVERNANCE REPORT

The Corporate Governance Report is not part of the Report of the Board of Directors. The Corporate Governance Report and the related auditor's report are available on the Group's website at www.ssab.com.

Outlook

In North America, demand for heavy plate is anticipated to be good during the first quarter of 2017 and distributors are expected to increase purchases in the wake of low stock levels. In Europe, demand is similarly anticipated to be good during the first quarter; although no major changes in either end customer or distributor stock levels are expected. It is anticipated that import volumes into North America will gradually decline as a result of import duties, although in Europe no major change in import volumes is expected. It is expected that the underlying demand for high-strength steels will be relatively unchanged during the first quarter, even though the production breakdown in Oxelösund will impact shipments negatively during the quarter. It is estimated that the breakdown will have a total delivery impact of around 70,000 tonnes, most of which will be in the first quarter. Overall, SSAB's shipments are expected to be somewhat higher than during the fourth quarter of 2016. It is anticipated that prices realized by SSAB during the quarter will be higher than prices during the fourth quarter of 2016.

There were planned maintenance outages at both SSAB Europe and SSAB Special Steels during the fourth quarter of 2016. In connection with the restart after the maintenance outage, a production breakdown in Oxelösund meant that rolling could not restart in mid-December as planned but was restarted at the beginning of February 2017.

A number of regular maintenance outages will take place in the Nordic operations during 2017. In the USA, a major maintenance outage in Mobile will start during the first quarter and continue into the second quarter. The table below shows the impact of the estimated direct maintenance cost and the cost of lower capacity utilization (under absorption), but excluding lost margins.

Planned maintenance outages for 2017

SEK millions	2017 Q1	2017 Q2	2017 Q3	2017 Q4	2017 Total	2016 Total[1]
SSAB Special Steels	-	-	230	-	230	250
SSAB Europe	20	20	170	100	310	300
SSAB Americas	160	230	-	-	390	290
Total	**180**	**250**	**400**	**100**	**930**	**840**

[1] The estimates for 2016 have been restated to include the effect of lower capacity utilization (under absorption) in addition to the direct maintenance cost.

Consolidated income statement

SEK millions	Note	2016	2015
Sales	1	55,354	56,864
Cost of goods sold	2	-50,240	-52,552
Gross profit		**5,114**	**4,312**
Selling expenses	2	-2,090	-2,317
Administrative expenses	2	-2,079	-2,319
Other operating income	1	445	649
Other operating expenses	2	-233	-613
Shares in earnings of affiliated companies and joint ventures after tax	3	56	45
Operating profit/loss		**1,213**	**-243**
Financial income	4	80	50
Financial expenses	4	-969	-978
Profit/loss after financial items		**324**	**-1,171**
Taxes	5	619	666
Profit/loss for the year		**943**	**-505**
Of which attributable to:			
• Parent Company's shareholders		937	-508
• Non-controlling interests		6	3
Earnings per share[1, 2]	12	**1.04**	**-0.66**
Dividend per share – 2016 proposal	31	**0.00**	**0.00**

[1] Earnings per share have been adjusted based on the bonus issue element in the rights issue.

[2] There are no outstanding share instruments and thus no dilution is relevant.

[3] Hedging is structured such that the net debt/equity ratio is unchanged in the event of changed exchange rates.

Consolidated statement of comprehensive income

SEK millions	Note	2016	2015
Profit/loss for the year		**943**	**-505**
Other comprehensive income			
Items that may be subsequently reclassified to the income statement:			
Translation differences for the years		3,462	1,470
Cash flow hedges		291	7
Hedging of currency risks in foreign operations[3]		-1,342	-719
Share in other comprehensive income of affiliated companies and joint ventures		0	1
Tax attributable to items that may be subsequently reclassified to the income statement	5	237	155
Total items that may be subsequently reclassified to the income statement		**2,648**	**914**
Items that will not be reclassified to the income statement:			
Remeasurements of the net defined benefit liability		12	192
Tax attributable to items that will not be reclassified to the income statement	5	-5	-39
Total items that will not be reclassified to the income statement		**7**	**153**
Total other comprehensive income for the year, net after tax		**2,655**	**1,067**
Total comprehensive income for the year		**3,598**	**562**
Of which attributable to:			
• Parent Company's shareholders		3,591	560
• Non-controlling interest		7	2

Consolidated balance sheet

SEK millions	Note	2016	2015
ASSETS			
Fixed assets			
Goodwill	6	29,909	27,871
Other intangible assets	6	2,704	3,290
Tangible fixed assets	7	25,866	26,276
Participations in affiliated companies and joint ventures	3, 8	628	546
Financial assets	8, 13	308	506
Deferred tax receivables	14	1,054	1,492
Total fixed assets		**60,469**	**59,981**
Current assets			
Inventories	9	15,001	12,691
Accounts receivable	28	7,118	6,048
Prepaid expenses and accrued income	10	1,115	1,042
Current tax receivables		474	400
Other current interest-bearing receivables	11	2,145	1,787
Recognized but not invoiced sale		48	85
Other current receivables	28	664	437
Cash and cash equivalents	11	3,879	2,711
Total current assets		30,444	25,177
TOTAL ASSETS		**90,913**	**85,158**

SEK millions	Note	2016	2015
EQUITY AND LIABILITIES			
Equity			
Share capital	12	9,062	4,833
Other contributed funds		23,021	22,343
Reserves	12	4,004	1,357
Retained earnings		16,804	15,860
Total equity for the shareholders in the Company		**52,891**	**44,393**
Non-controlling interests		**49**	**48**
TOTAL EQUITY		**52,940**	**44,441**
Long-term liabilities			
Pension provisions	13	397	411
Deferred tax liabilities	14	1,321	2,334
Other long-term provisions	15	132	163
Long-term interest-bearing liabilities	16	18,751	20,746
Other long-term non-interest-bearing liabilities	17	448	555
Total long-term liabilities		**21,049**	**24,209**
Current liabilities			
Short-term provisions	15	75	87
Short-term interest-bearing liabilities	16	4,497	6,365
Accounts payable	28	8,224	6,334
Current tax liabilities		41	93
Other current liabilities	28	970	892
Invoiced but not accrued sale		250	181
Accrued expenses and deferred income	18, 28	2,867	2,556
Total current liabilities		**16,924**	**16,508**
TOTAL EQUITY AND LIABILITIES		**90,913**	**85,158**

Consolidated statement of changes in equity

		2016							2015						
		Equity attributable to the Parent Company's shareholders							Equity attributable to the Parent Company's shareholders						
SEK millions	**Note**	**Share capital**	**Other contributed funds**	**Reserves**	**Retained earnings**	**Total**	**Non-controlling interest**	**Total equity**	**Share capital**	**Other contributed funds**	**Reserves**	**Retained earnings**	**Total**	**Non-controlling interest**	**Total equity**
Equity, January 1		**4,833**	**22,343**	**1,357**	**15,860**	**44,393**	**48**	**44,441**	**4,833**	**22,343**	**442**	**16,199**	**43,817**	**62**	**43,879**
Translation differences				3,461		3,461	1	3,462			1,471		1,471	-1	1,470
Cash flow hedges				291		291		291			7		7		7
Tax attributable to cash flow hedges	5			-58		-58		-58			-3		-3		-3
Hedging of currency risks in foreign operations				-1,342		-1,342		-1,342			-719		-719		-719
Tax on hedging of currency risks in foreign operations	5			295		295		295			158		158		158
Remeasurements of the net defined benefit liability	13			0	12	12		12				192	192		192
Tax on remeasurements of the net definied benefit liability	5				-5	-5		-5				-39	-39		-39
Share in other comprehensive income in affiliated companies and joint ventures				0		0		0			1		1		1
Profit for the year					937	937	6	943				-508	-508	3	-505
Total comprehensive income				**2,647**	**944**	**3,591**	**7**	**3,598**			**915**	**-355**	**560**	**2**	**562**
Acquisition, non-controlling interest												16	16	-16	-
New issue		4,229	678			4,907		4,907							
Dividend, non-controlling interest						-	-6	-6					-		-
Equity, December 31		**9,062**	**23,021**	**4,004**	**16,804**	**52,891**	**49**	**52,940**	**4,833**	**22,343**	**1,357**	**15,860**	**44,393**	**48**	**44,441**

Consolidated cash flow statement

SEK millions	Note	2016	2015
BUSINESS OPERATIONS			
Profit from operating activities			
Operating loss		1,213	-243
Reversal of non-cash items:			
• Non distributed shares in affiliated companies' earnings		-27	9
• Depreciation, amortization and write-down of fixed assets	6, 7	3,738	3,836
• Profit/loss upon sale of fixed assets		5	-81
• Profit/loss upon sale of shares and operations		6	2
• Change in provisions		-64	-26
• Other reversals		1	27
Interest received		28	65
Interest paid		-1,022	-856
Tax paid		80	-276
		3,958	**2,457**
Working capital			
Inventories (+ decrease)		-1,869	1,529
Accounts receivable (+ decrease)		-846	1,680
Accounts payable (+ increase)		1,661	-687
Other current receivables (+ decrease)		-158	64
Other current liabilities (+ increase)		551	-599
		-661	**1,987**
CASH FLOW FROM OPERATING ACTIVITIES		**3,297**	**4,444**

SEK millions	Note	2016	2015
INVESTING ACTIVITIES			
Investments in plants and machinery	6, 7	-1,326	-2,546
Sale of plants and machinery		45	253
Acquisition of shares and operations	25	-46	-36
Divested shares and operations	26	0	172
Other investing activities (+ decrease)		4	-4
CASH FLOW FROM INVESTING ACTIVITIES		**-1,323**	**-2,161**
FINANCING ACTIVITIES			
New issue		4,907	-
Dividend, non-controlling interest		-6	-
New loans		3,497	3,324
Repayment/amortization of loans		-8,767	-6,775
Financial investments		-141	957
Other financing (+ increase)		-422	-66
CASH FLOW FROM FINANCING ACTIVITIES		**-932**	**-2,560**
CASH AND CASH EQUIVALENTS			
Balance, January 1		2,711	3,014
Cash flow from operating activities		3,297	4,444
Cash flow from investing activities		-1,323	-2,161
Cash flow from financing activities		-932	-2,560
Translation differences, cash and cash equivalents		126	-26
CASH AND CASH EQUIVALENTS, December 31	11	**3,879**	**2,711**
Contracted, non-utilized overdraft facilities		7,096	8,308
DISPOSABLE CASH AND CASH EQUIVALENTS (incl. non-utilized overdraft facilities)		**10,975**	**11,019**

Parent Company's income statement

SEK millions	Note	2016	2015
Gross profit		**0**	**0**
Administrative expenses	2	-261	-280
Other operating income	1	105	84
Other operating expenses	2	-2	-1
Operating loss		**-158**	**-197**
Result from shares in subsidiaries and affiliated companies [1)]	4	10,450	1,980
Other interest expenses and similar items [1)]	4	-2,040	-1,339
Loss after financial items		**8,252**	**444**
Appropriations	24	1,100	1,111
Profit before tax		**9,352**	**1,555**
Tax [1)]	5	211	89
Profit for the year [1)]		**9,563**	**1,644**

Parent Company's other comprehensive income

SEK millions	Note	2016	2015
Profit for the year		**9,563**	**1,644**
Other comprehensive income			
Items that may be subsequently reclassified to the income statement:			
Hedging of currency risks in foreign operations [1)]		-	-
Cash flow hedges		3	-6
Tax attributable to other comprehensive income [1)]	5	-1	1
Total items that may be subsequently reclassified to the income statement		**2**	**-5**
Total other comprehensive income for the year, net after tax		**2**	**-5**
Total comprehensive income for the year		**9,565**	**1,639**

1) As of January 1, 2016, the parent company has changed the principle applying to the accounting of hedges of net investments in foreign operations. Changes in hedges of net investments will be accounted for in the parent directly in the income statement instead of in the statement of comprehensive income as earlier. The figures for 2015 have been restated. This change does not apply to the consolidated accounts.

Parent Company's balance sheet

SEK millions	Note	2016	2015
ASSETS			
Fixed assets			
Tangible fixed assets	7	1	2
Financial assets	8	33,107	56,867
Long-term receivables from subsidiaries		819	0
Deferred tax receivables	14	585	376
Total fixed assets		**34,512**	**57,245**
Current assets			
Accounts receivable	28	0	0
Current receivables from subsidiaries		47,586	14,158
Current tax receivables		1	1
Other current interest-bearing receivables	11	1,853	1,463
Other current receivables	28	4	6
Prepaid expenses and accrued income	10	366	294
Cash and cash equivalents	11	2,238	591
Total current assets		**52,048**	**16,513**
TOTAL ASSETS		**86,560**	**73,758**

SEK millions	Note	2016	2015
EQUITY AND LIABILITIES			
Equity			
Restricted equity			
• Share capital		9,062	4,833
• Statutory reserve		902	902
Unrestricted equity			
• Retained earnings		40,873	38,548
• Profit for the year		9,563	1,644
TOTAL EQUITY		**60,400**	**45,927**
Untaxed reserves	24	**0**	**0**
Provisions			
Pension provisions	13	3	3
Other long-term provisions	15	18	19
Total provisions		**21**	**22**
Long-term liabilities			
Liabilities to subsidiaries		346	0
Other long-term interest-bearing liabilities	16	14,652	17,087
Total long-term liabilities		**14,998**	**17,087**
Current liabilities			
Short-term interest-bearing liabilities	16	3,838	5,631
Accounts payable	28	2	14
Liabilities to subsidiaries		6,613	4,487
Other current liabilities	28	7	6
Accrued expenses and deferred income	18, 28	678	559
Short-term provisions	15	3	25
Total current liabilities		**11,141**	**10,722**
TOTAL EQUITY AND LIABILITIES		**86,560**	**73,758**

Parent Company's statement of changes in equity

		2016							2015						
		Restricted equity		Unrestricted equity					Restricted equity		Unrestricted equity				
SEK millions	**Note**	**Share capital**	**Statutory reserve**	**Share premium**	**Reserve for fair value**	**Retained earnings**	**Profit for the year**	**Total**	**Share capital**	**Statutory reserve**	**Share premium**	**Reserve for fair value**	**Retained earnings**	**Profit for the year**	**Total**
Equity, January 1	12	**4,833**	**902**	**21,791**	**-5**	**16,762**	**1,644**	**45,927**	**4,833**	**902**	**21,791**	**670**	**15,384**	**706**	**44,286**
Adjustment opening balance[1]								-				-670	672		2
Cash flow hedges					3			3				-6			-6
Tax on cash flow hedges					0			0				1			1
Profit for the year							9,563	9,563						1,644	1,644
Total comprehensive income					**3**		**9,563**	**9,566**				**-5**		**1,644**	**1,639**
Retained earnings from previous year						1,644	-1,644	-					706	-706	-
New issue		4,229		678				4,907							
Equity, December 31		**9,062**	**902**	**22,469**	**-2**	**18,406**	**9,563**	**60,400**	**4,833**	**902**	**21,791**	**-5**	**16,762**	**1,644**	**45,927**

[1] As of January 1, 2016, the parent company has changed the principle applying to the accounting of hedges of net investments in foreign operations. Changes in hedges of net investments will be accounted for in the parent directly in the income statement instead of in the statement of comprehensive income as earlier. The financial statements for 2015 have been restated and profit for the year was affected by SEK -559 million, the reserve for fair value was affected by SEK -670 million and retained earnings were affected by SEK 670 million. This change does not apply to the consolidated statements.

Parent Company's cash flow statement

SEK millions	Note	2016	2015
BUSINESS OPERATIONS			
Profit from operating activities			
Operating loss		-158	-197
Reversal of non-cash items:			
• Depreciation of tangible fixed assets	7	0	1
• Change in provisions		-23	14
• Other reversals		168	0
Interest received		185	155
Interest paid		-776	-709
Tax paid		1	4
		-603	**-732**
Working capital			
Accounts receivable (+ decrease)		0	0
Accounts payable (+ increase)		-12	6
Other current receivables (+ decrease)		-70	-120
Other current liabilities (+ increase)		-19	33
Commercial intra-group transactions		66	91
		-35	**10**
CASH FLOW FROM OPERATING ACTIVITIES		**-638**	**-722**

SEK millions	Note	2016	2015
INVESTING ACTIVITIES			
Investments in fixed assets	7	-	-
Dividends from subsidiaries		1,315	2,087
Received/paid group contributions		1,111	1,563
Paid shareholder contributions		-1,438	-2,197
Acquisition/divesture of shares and operations	25, 26	1	74
Other investing activities (+ decrease)		-	-
CASH FLOW FROM INVESTING ACTIVITIES		**989**	**1,527**
FINANCING ACTIVITIES			
New issue		4,907	-
New loans		2,882	3,153
Repayments/amortization of loans		-6,581	-5,484
Financial investments		-150	1,234
Financial intra-group transactions		1,910	264
Other financing (+ increase)		-1,672	-485
CASH FLOW FROM FINANCING ACTIVITIES		**1,296**	**-1,318**
CASH AND CASH EQUIVALENTS			
Balance, January 1		591	1,104
Cash flow from operating activities		-638	-722
Cash flow from investing activities		989	1,527
Cash flow from financing activities		1,296	-1,318
CASH AND CASH EQUIVALENTS, December 31	11	**2,238**	**591**
Contracted, non-utilized overdraft facilities		7,096	8,308
DISPOSABLE CASH AND CASH EQUIVALENTS (incl. non-utilized overdraft facilities)		**9,334**	**8,899**

5-year summary, Group

	2016	2015	2014[1)]	2013[2)]	2012
Sales, SEK millions	55,354	56,864	47,752	36,455	38,923
Operating profit/loss, SEK millions	1,213	-243	-107	-1,131	-96
Profit /loss after financial items, SEK millions	324	-1,171	-1,589	-1,728	-693
Profit/loss after tax for the Parent Company´s shareholders, SEK millions	937	-508	-1,399	-1,066	15
Investments in plant and operations, SEK millions	1,372	2,582	1,720	828	1,461
Cash flow from current operations, SEK millions	2,293	2,802	473	1,103	3,925
Net debt, SEK millions	17,887	23,156	24,674	14,833	15,498
Capital employed at year-end, SEK millions	74,564	75,346	62,476	45,983	48,414
Total assets, SEK millions	90,913	85,158	89,727	55,936	58,619
Return on capital employed before tax (%)	2	0	0	-2	0
Return on equity after tax (%)	2	-1	-4	-4	0
Equity ratio (%)	58	52	49	48	49
Net debt/equity ratio (%)	34	52	56	55	54
Dividend per share (SEK), 2016 – proposal[3)]	0,00	0.00	0.00	0.00	0.72
Earnings per share (SEK)[3)]	1.04	-0.66	-2.39	-2.36	0.04
Average number of employees	16,381	17,515	13,639	8,194	8,695
Sales per average employee, SEK millions	3.4	3.2	3.5	4.3	4.5
Production of crude steel, thousand tonnes	7,988	7,593	6,682	5,567	5,253

1) Rautaruukki was acquired on July 29, 2014 and the above figures include Rautaruukki's figures from that date onwards.
2) Sales and Sales per average employee for 2013 have been restated due to the change in method 2014 concerning the inclusion of freight income in Sales. Sales for 2012 have not been restated.
3) Earnings per share and dividend per share has been adjusted based on the bonus issue element in the rights issue.

ACCOUNTING AND VALUATION PRINCIPLES

The most important 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 OMX Stockholm with a secondary listing on Nasdaq OMX Helsinki.

Principles for preparation of the report

The consolidated financial statements have been prepared in accordance with the Swedish Annual Reports Act 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 Groups, has been applied.

Accounting standards and applications introduced during the year have had no 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 via the income statement.

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 29.

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. As of January 1, 2016, the parent company has changed the principle applying to the accounting of hedges of net investments in foreign operations. Changes in hedges of net investments will be accounted for in the parent directly in the income statement instead of in the statement of comprehensive income as earlier.

Standards, changes and interpretations that entered into force in 2016 and are relevant to the Group

- IAS 19 (Amendment), "Defined Benefit Plans: Employee Contributions". This amendment applies commencing from July 1, 2014 as the IASB but from February 1, 2015 according to the EU. The Group has applied this from February 1, 2015. The amendment applies to contributions from employees or third parties to defined benefit plans and clarifies the treatment of such contributions. The amendment distinguishes between contributions that are linked to service only in the period in which they arise and those linked to service in more than one period. The objective of the amendment is to simplify the accounting for contributions that are independent of the number of years of employee service, for example employee contributions that are calculated according to a fixed percentage of salary. Entities with plans that require contributions that vary with service will be required to recognize the benefit of those contributions over employees' working lives. The Group has a limited number of plans that require contributions that vary with service. However, no contributions have been made by either employees or third parties so this amendment has had no impact on the Group's financial statements.

ANNUAL IMPROVEMENTS TO IFRS 2010–2012

- IFRS 3 (Amendment), "Business Combinations". This amendment applies commencing from July 1, 2014 as the IASB but from February 1, 2015 according to the EU. The Group has applied this from February 1, 2015. This amendment clarifies that an obligation to pay contingent consideration is classified as financial liability or equity under the principles in IAS 32 "Financial Instruments: Presentation". This amendment also clarifies that all non-equity contingent consideration (financial and non-financial) is measured at fair value at each reporting date and the value changes is presented in the income statement. This amendment has had no impact on the Group's financial statements, but might have an impact on the financial statements for future business combinations.

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, "Financial Instruments". This standard applies commencing from January 1, 2018. The Group will apply this from January 1, 2018. IFRS 9 replaces the multiple classification and measurement models in IAS 39 Financial Instruments. IFRS 9 retains a mixed measurement model but simplifies this model in some respects. There will be three measurement categories for financial assets; amortized cost, fair value over other comprehensive income and fair value over the income statement. A debt instrument is measured at amortized cost if: a) the objective of the business model is to hold the financial asset for the collection of the contractual cash flows, and b) the contractual cash flows under the instrument solely represent payments of principal and interest. All other debt and equity instruments, including investments in complex debt instruments and equity investments, must be recognized at fair value. All fair value movements on financial assets are taken through the income statement, except for equity investments that are not held for trading, which may be recorded in the other comprehensive income, without subsequent recycling to the income statement.

For financial liabilities that are measured under the fair value option, entities will need to recognize the part of the fair value change that is due to changes in the their own credit risk in other comprehensive income rather than profit or loss.

The new hedge accounting rules in IFRS 9 align hedge accounting more closely with common risk management practices. As a general rule, it will be easier to apply hedge accounting going forward. The new standard also introduces expanded disclosure requirements and changes in presentation.

IFRS 9 introduces a new impairment model for impairment provision, based on expected future credit losses. The new model involves a three-stage approach whereby financial assets move through the three stages as their credit quality changes. The stage dictates how an entity measures impairment losses and applies the effective interest rate method. A simplified approach is permitted for financial assets that do not have a significant financing component (e.g. accounts receivables). On initial recognition, entities will record a day-1 loss equal to the 12 month ECL (or lifetime ECL for accounts receivables), unless the assets are considered credit impaired. The Group's principles how to recognize provisions for bad debt losses will be affected by this standard. However, the impact on the Group's future financial statements is expected to be limited.

- IFRS 15, "Revenue From Contracts With Customers". This standard applies commencing from January 1, 2018. The Group will apply this from January 1, 2018. IFRS 15 will replace IAS 18 which covers contracts for goods and services and IAS 11 which covers construction contracts, including all interpretations (IFRIC and SIC). The new standard is based on the principle that revenue is recognized when control of a good or service transfers to a customer – so the notion of control replaces the existing notion of risks and rewards. The basic principle in IFRS 15 is that a company recognizes revenue in the manner that best reflects the transfer of the promised goods or services to the customer. The Group has started to identify the Group's sales models. No quantitative estimates or calculations have been made on December 31, 2016. However, this standard is expected to have a limited effect on the Group's financial statements, but will have an impact on the disclosures in the future financial statements. The Group will apply IFRS 15 from January 1, 2018 but will restate the financial reports for 2017 in accordance with IFRS 15.

Consolidated financial statements

The consolidated financial statements cover SSAB AB (publ) and the companies in which the Group has existing rights that give it the current ability to direct the activities and is exposed, or has rights, to variable returns from its involvement with the investee.

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 potential obligations – 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 potential obligations are reported as goodwill. If the acquisition price is below 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.

- 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, dealings and unrealized 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 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/sale are not included in the cash flow statement.

JOINT OPERATIONS AND AFFILIATED COMPANIES

Companies in which the Group, together with one or more co-owners, is bound by a cooperation agreement which provides that the co-owners shall jointly exercise a controlling influence are reported as joint operations. SSAB's joint operations are classified as joint ventures, which mean that SSAB and the other party has joint control and have rights to the net assets.

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. 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. In the consolidated income statement, "Shares in earnings of affiliated companies and joint ventures after tax" comprise the Group's share in the post-tax earnings of the affiliated company or joint venture. 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 reported at the fair value of what has been or will be received and correspond to amounts received for sold goods less value added tax, discounts and returns, including exchange rate differences from forward contracts which are entered into in order to hedge sales in foreign currency. For information regarding hedge accounting, see Note 28.

The Group reports revenue when the amount can be measured in a reliable manner, it is likely that future economic benefits will inure to the Company, and specific criteria have been fulfilled in respect of each of the Group's operations as described below.

SALES OF STEEL

Revenues from sales of steel are reported after the crucial risks and benefits associated with title are transferred to the buyer and no right of disposition or possibility of actual control over the goods remains. 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 gradual income recognition when reporting fixed price agreements for projects which extend over more than one year. When the result of the project can be calculated in a reliable manner and it is likely that the project will be profitable, revenues are reported over the term of the agreement based on the degree of completion. At the end of the period, project expenditures are reported based on the degree of completion in respect of the activities included in the work. 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 be calculated in a reliable manner, revenues are reported 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 reported 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 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 non-current assets

Tangible non-current 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 non-current 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 non-current 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 non-current 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 non-current 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 revenues" 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.

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.

CUSTOMER RELATIONS

Acquired customer relations are reported at acquisition value. Customer relations have a determinable useful life and are reported at acquisition value 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 acquisition value. Trademarks and licenses that have a determinable useful life are reported at acquisition value 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). Trademarks and licenses that don't have a determinable useful life are tested annually to identify any impairment and are reported at acquisition value 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 and licenses is reported as an expense and not reversed.

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 acquisition value 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.

Leased assets

Expenses for non-current 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 'Non-current 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, "Current interest-bearing liabilities" and "Non-current interest-bearing liabilities".

In the parent company, all leasing agreements are reported as operational.

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. Reporting thereafter takes place depending 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 four valuation categories: "Financial assets at fair value through profit and loss", "held to maturity investments", "loans and receivables" and "available for sale financial assets".

- Financial assets at fair value through profit and loss: Assets that are acquired primarily in order to enjoy profits upon short-term price fluctuations, holdings for trading, are classified as "Financial assets at fair value through profit and loss" and 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 are classified as holdings for trading except where used for hedge accounting. 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.
- Held to maturity investments: Assets with a fixed maturity date and which are intended to be held until maturity are classified as "held to maturity investments" and reported as financial non-current assets, except those parts that mature within twelve months; these are reported as "Other interest-bearing current receivables". Assets in this category are valued at amortized cost. The amortized cost is determined based on the effective interest rate, which is calculated on the acquisition date.
- Loans and receivables: Loans and receivables are financial assets that are not derivative instruments, which have fixed or determinable payments and which are not listed on an active market. The claims arise when cash, goods or services are provided directly to the debtor without an intention of trading in the receivables. Just as with the preceding category, assets in this category are valued at the amortized cost. 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.
- Financial assets available for sale: Financial assets without a fixed term to maturity but which can be sold should liquidity needs arise or upon changes in interest rates are classified as "available for sale". Assets in this category are valued regularly at fair value with changes in value in other comprehensive income. 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 2016 and 2015.

OTHER SHARES AND PARTICIPATIONS

Consist primarily of investments 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.

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". The receivables are classified in the category, "Loan claims and accounts receivable".

ACCOUNTS RECEIVABLE

Accounts receivable are classified in the category, "Loan claims and accounts receivable". Accounts receivable are reported initially at fair value and accounts receivable in excess of twelve months are reported at the accrued acquisition value applying the effective interest rate method, less any provisions for reduction in value. 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.

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 OF FINANCIAL ASSETS

The Group regularly assesses whether there is any objective evidence for impairment of a financial asset or a group of financial assets. With respect to investments in equity instruments which are valued at acquisition value, a significant or prolonged decline in the fair value of a share to a level below its acquisition value is considered to be evidence of impairment. If such evidence exists, the difference between the reported value and the current fair value is reported in the income statement. Impairment of equity instruments is not reversed. Tests for impairment of accounts receivable are based on an individual assessment of bad debts. The size of the provision comprises the difference between the reported value of the asset and the present value of estimated future cash flows, discounted applying an effective interest rate. The remaining amount is reported in the income statement.

Inventories

Inventories are valued at the lower of acquisition cost and net realizable value, with the acquisition value being calculated in accordance with the FIFO method (first in, first out). When calculating the acquisition value, a weighted average value is normally used to approximate FIFO.

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 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 in relation to 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 is 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 accrued acquisition value. The accrued acquisition value is determined based on the effective interest rate which was calculated when the loan was taken up. Accordingly, surplus values and under-values as well as direct issuance costs are allocated over the loan period. Loans which constitute the hedged object in fair value hedging are valued and booked at fair value. Non-current loan debts have an anticipated term to maturity in excess of one year, while current loan debts have a term to maturity of less than one year.

Derivate instruments and hedging

Currency derivatives in the form of forward contracts and swaps are used to hedge exchange rates on purchase orders for coal, iron ore, zinc and heavy fuel oil, 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 transactions.
- 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.
- Information regarding fair value of various derivative instruments used for hedging purposes is set forth in Note 28. 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. Transaction costs related to "fair value hedging" are recognized immediately in the income statement.
- 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. 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.
- 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

As of September 1, 2014, 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 page 6 and in Note 27.

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.

1 Sales and other operating income

Sales per product area	Group	
SEK millions	**2016**	**2015**
Hot-rolled strip	8,805	9,764
Cold-rolled and organic-coated strip	8,709	8,516
Plate	18,963	19,947
Tubes and profiled strip	2,209	2,552
Trading operations	6,579	5,711
Ruukki Construction operations	5,262	5,260
Slabs	86	192
By-products/scrap	1,436	1,873
Freight	1,695	1,668
Other	1,610	1,381
Total sales	**55,354**	**56,864**

Other operating income	Group		Parent Company	
SEK millions	**2016**	**2015**	**2016**	**2015**
Sales of purchased energy and media	188	199	-	-
Sales of services	24	30	-	-
Net exchange rate differences	113	-	1	1
Profit on emission rights	-	89	-	-
Profit upon sale of fixed assets	13	161	-	-
Other	107	170	104	83
Total other operating income	**445**	**649**	**105**	**84**

Sales broken down by divisions and geographic area is shown in Note 27.

2 Operating expenses

Type of cost	Group		Parent Company	
SEK millions	**2016**	**2015**	**2016**	**2015**
Raw materials in the steel operations, including change in raw material inventory	18,113	19,014	-	-
Supplies and inputs	1,545	1,506	-	-
Purchased products in the trading operations	2,388	1,784	-	-
Purchased products in the steel operations	2,095	3,019	-	-
Energy	3,029	3,280	-	-
Change in inventory, work in progress and finished products	1,135	3,185	-	-
Compensation to employees	9,481	9,673	112	128
Material, services and maintenance	8,152	7,595	147	151
Depreciation/amortization	3,738	3,836	1	0
Other	4,966	4,909	3	2
Total operating expenses	**54,642**	**57,801**	**263**	**281**

Audit fees and related services	Group		Parent Company	
SEK millions	**2016**	**2015**	**2016**	**2015**
PricewaterhouseCoopers				
Audit fees	17	16	2	2
Audit related services	3	1	1	-
Tax consulting	6	1	0	0
Other services	0	3	0	0
Total audit fees and related services to PricewaterhouseCoopers	**26**	**21**	**3**	**2**
Other audit firms				
Audits and related services	3	3	-	-
Other services	17	13	1	4
Total audit fees and services to audit firms	**46**	**37**	**4**	**6**

Operating expenses have been reduced by the following government and other grants:

	Group		Parent Company	
SEK millions	**2016**	**2015**	**2016**	**2015**
Investment grant	18	38	-	-
Other	20	19	-	-
Total grants	**38**	**57**	**-**	**-**

Compensation to employees	Board, President and Executive Vice President		Other employees	
SEK millions	**2016**	**2015**	**2016**	**2015**
Parent Company[1)]	18	23	48	54
Subsidiaries in Sweden	6	7	2,832	2,865
Subsidiaries outside Sweden	24	23	4,051	4,124
Total wages and salaries[2)]	**48**	**53**	**6,931**	**7,043**
Social security expenses	19	21	2,163	2,174
(of which pension expenses)	(11)	(11)	(929)	(915)
Other expenses for employee benefits	4	4	316	378
Total compensation to employees	**71**	**78**	**9,410**	**9,595**

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 3 (10) million, of which SEK 1 (5) million in the parent company.

2 Operating expenses cont.

Board fees

BOARD OF DIRECTORS

At the annual general meeting (AGM) in April 2016, Bengt Kjell was re-elected as Chairman of the Board. Marika Fredriksson was elected as new director. At the AGM, it was decided that the Chairman's fee should amount to SEK 1,650,000 and directors' fees (excluding the President) to SEK 550,000 each.

Members of Board committees should receive a fee of SEK 100,000 for each committee on which the member served, with the exception of the Chairman of the Audit Committee, who instead should receive SEK 125,000. Thus, in total SEK 5,675 (5,575) thousand was paid in fees to the Board of Directors.

Board members

			Fee 2016, SEK[1]		Fee 2015, SEK[1]	
Elected by general meeting	**Elected**	**Position**	**Board fee**	**Committee fee**	**Board fee**	**Committee fee**
Bengt Kjell	2015	Chairman	1,650,000	200,000	1,650,000	200,000
Petra Einarsson	2014	Member	550,000	-	550,000	-
Matti Lievonen	2014	Member	550,000	100,000	550,000	-
Martin Lindqvist	2011	Member, President	-	-	-	-
Annika Lundius	2011	Member	550,000	100,000	550,000	100,000
John Tulloch	2009	Member	550,000	100,000	550,000	100,000
Lars Westerberg	2006	Member	550,000	125,000	550,000	125,000
Marika Fredriksson	2016	Member	550,000	100,000	-	-
Kim Gran, resigned 2016	2014	Member	-	-	550,000	100,000

[1] The fee relates to the full term.

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 2016, the President and other persons in the Company's senior management shall receive compensation comprising 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 other than the President. 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.

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 compensation, 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.

2 Operating expenses cont.

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. Pension benefits shall be contribution-based with individual retirement ages; 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. For senior executives outside Sweden, the termination period and severance compensation may vary due to legislation or practice on the local market.

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 issues 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 John Tulloch. 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 2016

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.

For the members of the Group Executive committee who are not stationed in the USA, there is a short-term variable salary component which is related to the Group's EBITDA margin relative to other comparable steel companies, a working capital related to sales objective and to an objective related to injury frequency established by the Board, combined with one or more individual objectives. This variable salary component is capped at 75% of fixed salary for the President and 50% for others.

In conjunction with the acquisition of Rautaruukki, the Board decided on a temporary retention/incentive program for a number of key employees who were working on the integration of Rautaruukki, among them certain members of the Group Executive Committee, including the President. This temporary retention/incentive program replaced existing variable salary components during the corresponding period of time in respect of the key employees participating in the program. The program was extended over 18 months (July 1, 2014 - December 31, 2015) and was contingent on the results that the Company achieved, with target related to the Group's EBITDA margin compared with a number of comparable steel companies during the measurement period. Participants has received a pay-out corresponding to the guaranteed retention component of 50% of the maximum amount. For the President and members of the Group Executive Committee, this has been reported as "Short-term variable salary" in Note 2.

In 2011, a long-term incentive program was introduced covering then a maximum of 100 (now 150) key persons throughout the Group, including the Company's President and other senior executives. 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. For participants in the program outside North America, the result is capped at between 18 and 30% of fixed salary. The maximum outcome for participants in North America is in line with the restrictions which applied under their earlier program; 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 42 million in the event of target realization, and SEK 66 million in the event of maximum realization, of which approximately 2/3 constitutes the cost for participants in North America. The purpose of the program is to promote the Company's ability to recruit and retain key contributors.

The member of the Group Executive Committee who is stationed in the USA receives compensation which is considered to be competitive from a North American perspective. He receives a fixed salary and, in addition, an annual variable salary component which is linked to the same objective set-up as for the rest of the Group Executive Committee. His annual variable salary is capped relative to fixed salary. The target result is 60% of fixed salary but may amount to a maximum of 180% in the event of extremely high performance. As a supplement, for year 2016, the maximum level was raised from 180% to 240%. In addition, during his employment he is entitled to participate in the Group's long-term incentive program. The outcome is capped relative to fixed salary. Fully developed, the plan has a target outcome of 90% of fixed annual salary, but in the event of extremely good results may amount to a maximum of 128%. Payments under the long-term incentive program take place in cash and on condition that he remains in his employment.

PRESIDENT AND CHIEF EXECUTIVE OFFICER

The total paid compensation package, excluding pension, amounted to SEK 15.2 (10.0) million. The total paid amount of SEK 15.2 million includes a payment of SEK 5.6 million related to the temporary retention/incentive program that was extended over 18 months (July 1, 2014 – December 31, 2015).

2 Operating expenses cont.

The retirement age is 62. The pension is based on contributions and is covered by insurance. The cost amounted to 43 (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 8 (9) persons. Monika Gutén and Gregoire Parenty left the Group Executive Committee February 1, 2016. Maria Långberg was appointed Executive Vice President and Head of Group HR and Sustainability. The Group Executive Committee is presented in the Corporate Governance Report.

The minimum retirement age for other members of the Group Executive Committee stationed outside the USA is 62. Pensions are based on contributions, apart from in the case of Olavi Huhtala; he continues to be covered by the benefit-based pension scheme with a retirement age of 60 (via Ruukki A-Pension Foundation), of which he has long been covered through his employment at Rautaruukki. 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.

For the member of the Group Executive committee stationed in the USA, other rules apply with respect to pension in accordance with US legislation and practice.

Total compensation and benefits are shown in the adjacent table.

Compensation and benefits for the President and other members of the Group Executive Commitee	**President**		**Other Group Executive Committee**	
SEK millions	**2016**	**2015**	**2016**	**2015**
Fixed salary[1]	9.3	9.3	23.2	27.8
Other benefits[2]	0.3	0.3	0.6	2.3
Short-term variable salary[3]	5.6	0.4	15.6	4.0
Long-term variable salary[3]	-	-	0.7	0.5
Total compensation	**15.2**	**10.0**	**40.1**	**34.6**
Pension expenses	4.0	3.9	9.3	8.0
Total	**19.2**	**13.9**	**49.4**	**42.6**

[1] For 2016, includes payment of SEK 0.2 (0.1) million to the President in respect of accrued, non-utilized vacation, and vacation compensation, as well as cost compensation in respect of company residence in the amount of SEK 0.2 (0.2) million.

[2] Relates primarily to car and gasoline benefits as well as housing benefits.

[3] The amounts relate to payments made in the relevant financial year, which were earned in previous years. Since the compensation 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 the entire Group Executive Committee amounted to SEK 2.8 (16.2) million.

3 Affiliated companies, joint ventures and related party transactions

Share of earnings and sales	Share of earnings after tax		Share of sales	
SEK millions	**2016**	**2015**	**2016**	**2015**
Lulekraft AB	2	1	142	115
Norsk Stål A/S[1)]	-	1	-	-
Norsk Stål Tynnplater A/S[1)]	-	0	-	-
Oxelösunds Hamn AB	12	10	146	146
Blastech Mobile LLC (joint venture)	24	21	95	79
Bet-Ker Oy	10	10	45	44
Helens Rör AB	9	4	370	362
Manga LNG Oy	-1	-2	0	0
Raahen Voima Oy	0	0	163	134
Total	**56**	**45**	**961**	**880**

Share of assets and liabilites	Share of assets		Share of liabilities	
SEK millions	**2016**	**2015**	**2016**	**2015**
Lulekraft AB	122	113	107	99
Oxelösunds Hamn AB	165	165	36	46
Blastech Mobile LLC (joint venture)	80	79	1	18
Bet-Ker Oy	42	44	9	13
Helens Rör AB	147	181	82	111
Manga LNG Oy	181	158	115	94
Raahen Voima Oy	606	515	366	329
Total	**1,343**	**1,255**	**716**	**710**

[1)] During 2015, Norsk Stål A/S and Norsk Stål Tynnplater A/S were divested. The share of earning after tax relates only to the period up to the divestment.

Receivables from affiliated companies and joint venture	Group		Parent Company	
SEK millions	**2016**	**2015**	**2016**	**2015**
Included in balance sheet items:				
Accounts receivable	34	43	-	-
Prepaid expenses and accrued revenue	74	41	-	-
Total	**108**	**84**	**-**	**-**

Liabilities to affiliated companies and joint venture	Group		Parent Company	
SEK millions	**2016**	**2015**	**2016**	**2015**
Included in balance sheet items:				
Accounts payable	41	37	-	-
Total	**41**	**37**	**-**	**-**

Share of owning and equity share can be found in Note 8.

Related party transactions

The following transactions with affiliated companies and joint venture occurred during the year:

SSAB Americas purchased plate shot blasting and painting services from Blastech Mobile for SEK 150 (140) million. Lulekraft purchased gas from SSAB Europe for SEK 212 (173) million and resold energy for SEK 117 (94) million. Raahen Voima purchased gas and fuel from SSAB Europe for SEK 119 (119) million and sold back energy for SEK 118 (84) million.

Oxelösunds Hamn sold port services to SSAB Europe for SEK 153 (256) million and purchased other services for SEK 51 (42) million. Helens Rör bought steel from the steel operations for SEK 173 (178) million and the steel operations bought steel from Helens Rör for SEK 3 (4) million. SSAB Europe purchased refractory materials from Bet-Ker for SEK 75 (73) million. The Board Member John Tulloch has a consultancy agreement with one of the US subsidiaries of SSAB from which he received SEK 0.6 (0.6) million in fees. The transactions took place at arm's length prices.

4 Financial items

Group

SEK millions	2016	2015
Financial income		
Interest income	38	47
Net exchange rate differences[1)]	35	-
Dividends	2	1
Other	5	2
Total financial income	**80**	**50**
Financial expenses		
Interest expenses	-740	-705
Net exchange rate differences[1)]	-	-55
Other	-229	-218
Total financial expenses	**-969**	**-978**
Net financial income and expenses	**-889**	**-928**

[1)] Net result attributable to derivatives is included in the Net exchange rate differences with the amount of SEK 60 (-331) million.

[2)] During 2016, the parent company made a write-down of SEK 24,707 million in its subsidiary SSAB Finance UK's shares, a write-down of SEK 196 million in SSAB Western Steel's shares and a write-down of SEK 55 million in SSAB APAC Holding's shares. During 2016 SSAB Finance UK distributed SEK 35,022 million, after which the shares in SSAB Finance UK was written down to SEK 145 million. During 2015, the parent company made a write-down of SEK 220 million in its subsidiary SSAB APAC Holding's shares.

Parent Company

SEK millions	2016	2015
Dividends from subsidiaries[2)]	35,046	2,087
Dividends from affiliated companies	1	1
Write-down of subsidiary shares[2)]	-24,957	-220
Capital gain of subsidiary shares	168	-
Interest income from subsidiaries	231	133
Interest expenses to subsidiaries	-39	-21
Total result from subsidiaries and affiliated companies	**10,450**	**1,980**
Other interest income	8	11
Other interest expenses	-582	-604
Net exchange rate differences	-1,317	-720
Other	-149	-26
Total other financial items	**-2,040**	**-1,339**
Total financial net	**8,410**	**641**

5 Taxes

Taxes	Group		Parent Company	
SEK millions	**2016**	**2015**	**2016**	**2015**
Swedish corporate income tax	5	-3	0	0
Foreign corporate income tax	197	-124	1	4
Total current tax expenses	**202**	**-127**	**1**	**4**
Deferred taxes	417	793	210	85
Total tax in the income statement	**619**	**666**	**211**	**89**
Total tax in other comprehensive income [1]	**232**	**115**	**-1**	**1**

Reconciliation of tax rates	Group		Parent Company	
%	**2016**	**2015**	**2016**	**2015**
Applicable tax rate in Sweden[2]	22	-22	22	22
Tax effect of:				
• non-deductible expenses	2	2	59	2
• non-taxable divestments	-	-	-	-
• non-taxable revenue[3]	-12	-1	-83	-21
• changes in tax rates	0	0	-	-
• other tax rates in foreign subsidiaries	-213	-44	-	-
• taxes relating to earlier periods	-3	0	0	0
• unbooked deficit credit	11	8	0	-
• other	2	0	-	-
Effective tax rate	**-191**	**-57**	**-2**	**3**

1) For details see Consolidated statement of changes in equity on page 26 and on page 30 for the parent company.

2) The Group has negative earnings in 2015 and therefore the starting point when reconciling the effective tax rate was -22%.

3) 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.

The tax for the year amounted to SEK 619 (666) million and the effective tax rate was -191 (-57) %. The tax rate was negatively affected by unbooked deficit credits by +11 percentage points and positively affected by lower tax rates on positive results and higher tax rates on negative results in foreign subsidiaries by -213 percentage points.

6 Intangible assets

Group

	2016							2015						
SEK millions	**Customer relations**	**Trademarks**	**Emission rights[1)]**	**Other intangible assets**	**Trademarks with undeter-minable useful life**	**Goodwill**	**Total intangible assets**	**Customer relations**	**Trademarks**	**Emission rights[1)]**	**Other intangible assets**	**Trademarks with undeter-minable useful life**	**Goodwill**	**Total intangible assets**
Acquisition value, January 1	8,280	6	1,023	1,280	410	28,172	39,171	7,702	6	1,058	1,197	424	26,732	37,119
Acquisitions	-	-	-	66	-	-	66	-	-	-	57	-	-	57
Increase through acquisition of shares/operations	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Sales and disposals	-	-	-	-2	-	-	-2	-	-	-	0	-	-	-
Reclassifications	-	-	-	-	-	-	0	14	-	-	-4	-	-10	0
Translation differences	659	0	43	87	17	2,049	2,855	564	0	-35	30	-14	1,450	1,995
Acquisition value, December 31	**8,939**	**6**	**1,066**	**1,431**	**427**	**30,221**	**42,090**	**8,280**	**6**	**1,023**	**1,280**	**410**	**28,172**	**39,171**
Accumulated amortization, January 1	6,475	5	291	930	-	-	7,701	5,559	5	89	763	-	-	6,416
Sales and disposals	-	-	-	0	-	-	0	-	-	-	-1	-	-	-1
Amortization for the year	498	0	212	110	-	-	820	500	0	209	137	-	-	846
Reclassifications	-	-	-	-	-	-	0	-	-	-	-3	-	-	-3
Translation differences	548	0	13	75	-	-	636	416	0	-7	34	-	-	443
Accumulated amortization, December 31	**7,521**	**5**	**516**	**1,115**	**-**	**-**	**9,157**	**6,475**	**5**	**291**	**930**	**-**	**-**	**7,701**
Accumulated write-down, January 1	6	-	-	2	-	301	309	6	-	-	1	-	311	318
Write-down for the year	-	-	-	0	-	0	0	-	-	-	1	-	0	1
Translation differences	-	-	-	0	-	11	11	-	-	-	-	-	-10	-10
Accumulated write-down, December 31	**6**	**-**	**-**	**2**	**-**	**312**	**320**	**6**	**-**	**-**	**2**	**-**	**301**	**309**
Residual value, December 31	**1,412**	**1**	**550**	**314**	**427**	**29,909**	**32,613**	**1,799**	**1**	**732**	**348**	**410**	**27,871**	**31,161**

[1)] Surplus values from the acquisition of Rautaruukki relating to future allocation of emission rights.

Amortization for the year is included in the income statement in the amount of SEK 776 (798) million in cost of goods sold; SEK 6 (7) million in selling expenses and SEK 38 (42) million in other administrative expenses.

6 Intangible assets cont.

Test of impairment of goodwill and other assets with an undeterminable useful life

A 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:

SEK million	2016	2015
Goodwill		
SSAB North America (in Division SSAB Americas)	24,741	22,910
SSAB Special Steels	2,636	2,529
SSAB Europe	1,985	1,905
Tibnor	487	467
Ruukki Construction[1)]	60	60
Total goodwill	**29,909**	**27,871**
Ruukki Construction (Trademark Rautaruukki)	427	410
Total assets with an undeterminable useful life[1)]	**30,336**	**28,281**

1) All value changes from previous year are due to exchange rate differences.

SSAB North Americas is included in the SSAB Americas division. For more information about SSAB Americas and the other divisions, see Note 27. Recoverable amounts for cash-generating units are based on value in use 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 of 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:

2016	North America	Special Steels	Europe	Tibnor	Ruukki Con-struction
Assessed long-term rate of growth, %	2	2	2	2	2
Weighted average discount rate, before tax, %	10.3	7.2	7.2	7.2	7.1
2015					
Assessed long-term rate of growth, %	2	2	2	2	2
Weighted average discount rate, before tax, %	9.9	7.2	7.2	7.3	7.2

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 gross margin 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 29.

Emission rights

The estimated consumption of emission rights in 2016 was 10.0 (8.9) million tons. No emission rights were sold in 2016 or 2015. The allocated rights were sufficient for consumption in 2016. The emission rights are reported as an intangible asset, with granted emission rights being booked at an acquisition value of SEK 0. SSAB is participating in various programs whereby it is possible to purchase emission rights and, through such programs, at year-end SSAB owned emission rights valued at SEK 24 (22) million, which are reported as an intangible asset.

7 Tangible fixed assets

Group

	2016						2015					
SEK millions	**Land and land improvements**	**Buildings**	**Machinery**	**Equipment, tools, fixtures and fittings**	**Construction in progress and advances to suppliers**	**Total tangible fixed assets**	**Land and land improvements**	**Buildings**	**Machinery**	**Equipment, tools, fixtures and fittings**	**Construction in progress and advances to suppliers**	**Total tangible fixed assets**
Acquistion value, January 1	1,034	7,359	41,615	629	1,518	52,155	1,021	7,359	39,678	645	1,783	50,486
Acquistions	0	300	367	25	882	1,574	1	189	507	30	1,761	2,488
Increase through acquisitions of shares and operations	-	-	-	-	-	-	-	-	-	-	-	-
Sales and disposals	-11	-34	-234	-32	-35	-346	-9	-259	-971	-40	-4	-1,283
Decrease through disposal of shares and operations	-	-	-	-	-	-	-1	-34	-57	-33	27	-98
Reclassifications	8	210	982	25	-1,055	170	18	108	1,976	29	-2,066	65
Translation difference	22	314	1,240	14	48	1,638	4	-4	482	-2	17	497
Acquisition value, December 31	**1,053**	**8,149**	**43,970**	**661**	**1,358**	**55,191**	**1,034**	**7,359**	**41,615**	**629**	**1,518**	**52,155**
Accumulated depreciation, January 1	211	2,379	22,684	347	-	25,621	175	2,246	20,908	339	-	23,668
Sales and disposals	0	-7	-211	-30	-	-248	-3	-247	-897	-44	-	-1,191
Depreciation for the year	33	388	2,390	76	-	2,887	34	382	2,442	92	-	2,950
Decrease through disposal of shares and operations	-	-	-	-	-	-	0	-23	-47	-26	-	-96
Reclassifications	0	119	174	-5	-	288	2	-1	21	-2	-	20
Translation difference	1	73	524	-2	-	596	3	22	257	-12	-	270
Accumulated depreciation, December 31	**245**	**2,952**	**25,561**	**386**	**-**	**29,144**	**211**	**2,379**	**22,684**	**347**	**-**	**25,621**
Accumulated write-down, January 1	12	119	127	0	-	258	16	129	103	0	-	248
Sales and disposals	-	-	-1	-	-	-1	-	-	-	-	-	-
Write-down for the year	-	1	4	-	-	5	-	1	38	0	-	39
Reclassifications	1	-47	-81	-	-	-127	-2	-	-	-	-	-2
Translation difference	1	14	31	0	-	46	-2	-11	-14	0	-	-27
Accumulated write-down, December 31	**14**	**87**	**80**	**0**	**-**	**181**	**12**	**119**	**127**	**0**	**-**	258
Residual value, December 31	**794**	**5,110**	**18,329**	**275**	**1,358**	**25,866**	**811**	**4,861**	**18,804**	**282**	**1,518**	**26,276**

7 Tangible fixed assets cont.

Depreciation for the year is included in the income statement in the amount of SEK 2,820 (2,848) million in costs of goods sold, SEK 39 (47) million in selling expenses, SEK 47 (47) million in administrative expenses and SEK 6 (5) million in other expenses. During the period, no interest expenses was capitalized, (SEK 1 million). The rate of interest applied in 2015 was 2.5 percent. Tangible fixed assets include financial leasing agreements in the amount of SEK 603 (312) million in acquisition value and SEK 486 (249) million in residual value. As per the balance sheet date, there were contracted investments in fixed assets valued at SEK 112 (297) million which were not reported in the financial statements.

Parent Company

SEK millions	Equipment, tools, fixtures and fittings	Total tangible fixed assets
Acquisition value, January 1, 2015	12	12
Acquisitions	1	1
Acquisition value, December 31, 2015	**13**	**13**
Acquisition value, January 1, 2016	13	13
Acquisitions	-	-
Acquisition value, December 31, 2016	**13**	**13**
Accumulated depreciation, January 1, 2015	10	10
Depreciation for the year	1	1
Accumulated depreciation, December 31, 2015	**11**	**11**
Accumulated depreciation, January 1, 2016	11	11
Depreciation for the year	1	1
Accumulated depreciation, December 31, 2016	**12**	**12**
Residual value, December 31, 2015	**2**	**2**
Residual value, December 31, 2016	**1**	**1**

8 Financial assets, shares and participations in affiliated companies and joint venture

Group

SEK millions	Other shares and participations	Other long-term receivables	Total financial assets	Participations in affiliated companies and JV
Book value at January 1, 2015	162	1,110	1,272	531
Increase through acquisition of shares/operations	-	-	-	-
Investments	39	181	220	36
Sales and amortization	-9	-959	-968	3
Impairments	-15	-	-15	-
Shares in profit after tax	-	-	-	45
Reclassification	-2	1	-1	-
Dividend	-	-	-	-61
Translation differences	-6	4	-2	-8
Book value at December 31, 2015	**169**	**337**	**506**	**546**
Book value at January 1, 2016	169	337	506	546
Investments	32	16	48	46
Sales and amortization	-	-256	-256	-
Impairments	-	-1	-1	-
Shares in profit after tax	-	-	-	55
Reclassification	4	-2	3	-
Dividend	-	-	-	-40
Translation differences	7	1	8	21
Book value at December 31, 2016	**212**	**95**	**308**	**628**

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 in the category "Loans and receivables". They are valued at amortized cost.

Parent Company

SEK millions	Shares in subsidiaries	Shares in affiliated companies	Other shares and participations	Other long-term receivables	Total financial assets
Book value, January 1, 2015	54,631	11	8	1,027	55,677
Investments	2,197	-	-	149	2,346
Impairments	-220	-	-	-	-220
Sales and amortization	-	-	-	-936	-936
Book value, December 31, 2015	**56,608**	**11**	**8**	**240**	**56,867**
Book value, January 1, 2016	56,608	11	8	240	56,867
Investments	3,885	-	-	-	3,885
Impairments	-24,957	-	-	-	-24,957
Reductions and amortization	-2,448	-	-	-240	-2,688
Book value, December 31, 2016	**33,088**	**11**	**8**	**0**	**33,107**

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 subsidiares:					
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	0
SSAB Americas Holding AB	556858–6654	Stockholm	50,000	100	9
SSAB APAC Holding AB	556858–6647	Stockholm	50,000	100	76
Foreign operating subsidiaries:					
SSAB Central Inc.		Canada	1,000	100	361
SSAB US Holding Inc.		USA	100	100	6,803
Rautaruukki Oyj		Finland	138,929,363	100	14,967
SSAB Finance Ireland		Ireland	130,000,000	100	1,202
SSAB Finance UK		Great Britain	2,214,610,542	100	145
SSAB Finance Brussels		Belgium	62,651,606,399	100	5,121
Other[2]					2
Dormant companies					**0**
Total					**33,088**

Other shares and participations

Tenant-owner rights	8
Total, Parent Company's other shares and participations	**8**
Subsidiaries' other shares and participations[2]	204
Total, Group's other shares and participations	**212**

Parent Company's shares in affiliated companies

	Reg. no	Office	Number	%[1]	Book value, SEK millions
Lulekraft AB	556195–0576	Luleå	100,000	50	10
Industrikraft i Sverige AB	556761–5371	Stockholm	20,000	20	1
Total, Parent Company's shares in affiliated companies					**11**

Subsidiaries' shares and participations in affiliated companies and joint venture

	Reg. no	Office	Number	%[1]	SEK millions
Oxelösunds Hamn AB	556207–4913	Oxelösund	50,000	50	129
Blastech Mobile LLC		USA		50	80
Bet-Ker Oy	1003246-0	Finland	120	44	34
Manga LNG Oy	2592122-8	Finland	3,151,042	25	64
Raahen Voima Oy	2604933-9	Finland	1,875	75	240
Helens Rör AB	556086-9785	Halmstad	4,500	25	64
					611
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					**628**

[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 %
Alamentti Oy	Finland	100
BevakningsAB Företagsskydd	Sweden	100
Blupoint Pty Ltd	Australia	100
EM Eriksson SSC AB	Sweden	100
EO Stål AB	Sweden	100
Förvaltnings AB Tegelhögen	Sweden	100
G & G Mining Fabrication	Australia	100
Geha Beheer BV	The Netherlands	51
Hardox Wearparts Center Gauteng	South Africa	80
SSAB Finance (US) Corporation, LLC	USA	100
SSAB Texas Inc.	USA	100
JL Steel Services Ltd	Great Britain	100
Linköpings Stål AB	Sweden	100
LLC Ruukki Investment Ukraine	Ukraine	100
LLC Ruukki Ukraine	Ukraine	99,9
Metform Oy	Finland	100
Nordic Steel AB	Sweden	100
OOO Metalplast Russia	Russia	100
OOO Ruukki Express	Russia	100
OOO Ruukki Rus	Russia	100
Plannja Siba AB	Sweden	100
Plannja A/S	Norway	100
Plannja A/S	Denmark	100
Plannja Förvaltnings AB	Sweden	100
Plannja Ltd	Great Britain	100
Plannja SP z.o.o	Poland	100
Plannja Steinwalls AB	Sweden	100
Plåtdepån i Borlänge AB	Sweden	100
Presteel Oy	Finland	80,1
Rannila Uü	Estonia	100

Name	Office	Ownership %
Rautaruukki Uü	Estonia	100
Ruukki Australia Pty Ltd	Australia	100
Ruukki Austria GmbH	Austria	100
Ruukki Building Components AS	Norway	100
Ruukki Bulgaria EOOD	Bulgaria	100
Ruukki Canada Inc	Canada	100
Ruukki Chile SpA	Chile	100
Ruukki Construction Norge AS	Norway	100
Ruukki Construction Oy	Finland	100
Ruukki Hrvatska d.o.o.	Croatia	100
Ruukki CZ s.r.o.	Czech Republic	100
Ruukki d.o.o.	Slovenia	100
Ruukki DOO Belgrade	Serbia	100
Ruukki Engineering Oy	Finland	100
Ruukki Express AB	Sweden	100
Ruukki Finance B.V.	The Netherlands	100
Ruukki Holding AB	Sweden	100
Ruukki Holding B.V.	The Netherlands	100
Ruukki Hungary Kft	Hungary	100
Ruukki Metal (Shanghai) Co Ltd	China	100
Ruukki Metals Trading & Marketing India Private Limitec	India	99
Ruukki Polska Sp.zo.o.	Poland	100
Ruukki Products AS	Estonia	100
Ruukki Profiler AS	Norway	100
Ruukki Romania S.R.L.	Romania	100
Ruukki Slovakia s.r.o.	Slovakia	100
Ruukki Sverige AB	Sweden	100
Ruukki Trading (Shanghai) Co., Ltd	China	100
Ruukki UK Ltd	Great Britain	100
Ruukki USA Inc.	USA	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 %
SC Plannja SRL, Romania	Romania	100
SIA Ruukki Latvija	Latvia	100
SSAB AFC Inc.	USA	100
SSAB Alabama Inc.	USA	100
SSAB Argentina SRL	Argentina	100
SSAB Bulgaria Ltd	Bulgaria	100
SSAB Columbia S.A.S.	Colombia	100
SSAB Construction Inc.	USA	100
SSAB Danmark A/S	Denmark	100
SSAB Egypt LLC	Egypt	100
SSAB Enterprises LLC	USA	100
SSAB Europe Oy	Finland	100
SSAB Hardox	China	100
SSAB Hardox Stahl GmbH	Austria	100
SSAB Holding Danmark A/S	Denmark	100
SSAB Holding UK Ltd.	Great Britain	100
SSAB Inc	USA	100
SSAB Iowa Inc.	USA	100
SSAB Israel Ltd	Israel	100
SSAB Kenya Ltd	Kenya	100
SSAB Saudi Factory LLC	Kingdom of Saudi Arabia	100
SSAB Merox AB	Sweden	100
SSAB Minnesota Inc.	USA	100
SSAB Oxelösund , Taiwan	Taiwan	100
SSAB Oxelösund AB Sucursal Del	Peru	100
SSAB Poland Sp.z.o.o, Poland	Poland	100
SSAB South Africa Pty Ltd	South Africa	100
SSAB Sales Inc. (US)	USA	100
SSAB SSC AB	Sweden	100
SSAB Svensk Stål A/S	Denmark	100

Name	Office	Ownership %
SSAB Swedish Steel (China) Co., Ltd.	China	100
SSAB Swedish Steel	Indonesia	100
SSAB Swedish Steel	Australia	100
SSAB Swedish Steel	Hong Kong	100
SSAB Swedish Steel	Japan	100
SSAB Swedish Steel (China) Co,Ltd	China	100
SSAB Swedish Steel (Thailand) Co., LTD	Thailand	49
SSAB Swedish Steel Aceros de Chile Limitada	Chile	100
SSAB Swedish Steel BV	The Netherlands	100
SSAB Swedish Steel CIS	Russia	100
SSAB Swedish Steel Comércio de Aço Ltda.	Brazil	100
SSAB Swedish Steel Eesti OU	Estonia	100
SSAB Swedish Steel FZE	United Arab Emirates	100
SSAB Swedish Steel India PVT Ltd	India	100
SSAB Swedish Steel International Trade (Kunshan)Co	China	100
SSAB Swedish Steel Lda	Angola	100
SSAB Swedish Steel Lda	Portugal	100
SSAB Swedish Steel LLC,	Ukraine	100
SSAB Swedish Steel LLP	Kazakhstan	100
SSAB Swedish Steel Ltd	Canada	100
SSAB Swedish Steel Ltd	Great Britain	100
SSAB Swedish Steel Ltd, Shanghai	China	100
SSAB Swedish Steel Ltd.	Korea	100
SSAB Swedish Steel Mepe	Greece	100
SSAB Swedish Steel Pte Ltd	Singapore	100
SSAB Swedish Steel S.L.	Spain	100
SSAB Swedish Steel SARL	Morocco	100
SSAB Swedish Steel s.r.o.	Czech Republic	100
SSAB Swedish Steel Sdn Bhd	Malaysia	100
SSAB Swedish Steel SpA	Italy	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 SRL	Romania	100
SSAB Swedish Steel Trading Ltd	Turkey	100
SSAB Swedish Steel Trading Ltd, Ungern	Hungary	100
SSAB Swedish Steel, Serbia	Serbia	100
SSAB Tubes AB	Sweden	100
SSAB Wear Solutions LLC	USA	100
Swedish Steel AB Mexico Sa De CV	Mexiko	100
Tappers Stål & Metaller AB	Sweden	100
Tibnor AS	Norway	100
Tibnor AS	Denmark	100
Tibnor Lanna AB	Sweden	100
Tibnor Oy	Finland	100
Tibnor SIA Latvia	Latvia	100
UAB Ruukki Lietuva	Lithuania	100

9 Inventories

	Group		Parent Company	
SEK millions	**2016**	**2015**	**2016**	**2015**
Raw materials, consumables and semi-finished goods	4,983	3,573	-	-
Slabs	1,558	1,048	-	-
Work in progress	913	798	-	-
Stocks of finished goods	7,547	7,272	-	-
Total inventories	**15,001**	**12,691**	**-**	**-**

SEK 190 (457) million of the inventory value is valued at net realizable value. The share of inventories which is booked as an expense amounts to SEK 50,240 (52,552) million during the period, where of SEK 66 (303) million was reported as an expense relating to impairment of inventories.

10 Prepaid expenses and accrued income

	Group		Parent Company	
SEK millions	**2016**	**2015**	**2016**	**2015**
Delivered, non-invoiced goods and services	28	72	-	-
Bonuses, discounts, licenses and similar	44	36	-	-
Prepaid rents	26	28	3	3
Prepaid insurance premiums	162	178	-	-
Advances raw material	47	128	-	-
Accrued interest income	4	2	4	1
Derivatives reported in hedge accounting	372	140	255	137
Derivatives not reported in hedge accounting	51	145	46	114
Energy taxes	48	59	-	-
Prepaid bank fees	46	21	46	21
Other prepaid expenses	287	233	12	18
Total prepaid expenses and accrued income	**1,115**	**1,042**	**366**	**294**

11 Other current interest-bearing receivables/Cash and cash equivalents

	Group		Parent Company	
SEK millions	**2016**	**2015**	**2016**	**2015**
Other current interest-bearing receivables				
Restricted funds	1,812	1,675	1,540	1,423
Other current interest-bearing receivables	333	112	313	40
Total current interest-bearing receivables	**2,145**	**1,787**	**1,853**	**1,463**
Cash and cash equivalents				
Cash and bank balances	3,876	2,709	2,238	591
Short-term investments (term to maturity of less than three months)	3	2	-	-
Total cash and cash equivalents	**3,879**	**2,711**	**2,238**	**591**

All short-term investments and current interest-bearing receivables are valued at amortized cost. Short-term investments with terms to maturity of less than three months consist of overnight deposits at banks.

12 Equity

During 2016, 480.6 million shares of Class B were added through a rights issue. Following the rights issue, the share capital amounts to SEK 9,062 (4,833) million, divided into 1,029.8 (549.2) million shares with a par value of SEK 8.80 (8.80) per share. 304.2 (304.2) million of the shares are Class A shares and 725.7 (245.1) 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 900.3 (765.0) 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 (22,343) million and consists of funds paid in by the shareholders in connection with new issues, in excess of the par value of the shares.

Number of shares/share capital	Group	
	2016	**2015**
Numbers of shares in million	1,029.8	549.2
Share capital in SEK million	9,062	4,833

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 8,579 (5,118) 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 -4,689 (-3,642) 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 114 (-119) million.

The proposed dividend for 2016 amounts to SEK 0.00 (0.00) per share.

Group

SEK millions	Reserve for hedge of foreign operations	Reserve for cashflow hedges	Translation reserve	Total reserves
Reserves, January 1, 2015	-3,081	-123	3,646	442
Translation differences during the period			1,472	1,472
Fair value changes during the period	-719	-72		-791
Tax related to fair value changes during the period	158	13		171
Transferred to the income statement		79		79
Tax related to transferred to the income statement		-16		-16
Reserves, December 31, 2015	**-3,642**	**-119**	**5,118**	**1,357**
Reserves, January 1, 2016	-3,642	-119	5,118	1,357
Translation differences during the period			3,461	3,461
Fair value changes during the period	-1,342	298		-1,044
Tax related to fair value changes during the period	295	-61		234
Transferred to the income statement		-7		-7
Tax related to transferred to the income statement		3		3
Reserves, December 31, 2016	**-4,689**	**114**	**8,579**	**4,004**

13 Pensions

Within the Group there are both contribution-based and benefit-based pensions. In respect of contribution-based pensions and the pension plan for white collar staff in Sweden which is taken out with Alecta, the premiums relating to the period that has elapsed are reported as expenses for the year.

The most significant defined benefit plans in the Group are the Finnish pension fund (A-säätiö), the Finnish Pension promise plan and the Norwegian pension fund (CCB Pensionskasse).

Actuarial gains/losses are disclosed in the Other comprehensive income. The actuarial gains on the net pension obligations were pdrimarily due to a high return on managed assets partly offset by an increase in discount rates.

The total pension expenses are broken down as follows:	Group		Parent Company	
SEK millions	**2016**	**2015**	**2016**	**2015**
Fees for contribution-based plans	715	716	14	15
Fees for pension insurance policies with Alecta[1]	101	92	4	5
Pension expenses, benefit-based plans	25	37	0	0
Special employer's contributions	80	73	5	6
Other	8	8	0	0
Total pension expenses	**929**	**926**	**23**	**26**

[1] Alecta's surplus can be allocated to the policyholders and/or the insurers. At the end of December 2016, Alecta's preliminary surplus in the form of the collective funding level amounted to 148 % compered with 153 % as per the end of 2015. The collective funding level consist of the market value of Alecta's assets as a percentage of insurance commitments calculated in accordance with Alecta's actuarial calculation assumptions, which do not concur with IAS 19.

Following provisions for pension obligations have been made in the balance sheet:	Group		Parent Company	
SEK millions	**2016**	**2015**	**2016**	**2015**
Funded pension obligations	1,363	1,341	-	-
Fair value of managed assets	-1,314	-1,271	-	-
Pension obligations less managed assets	**49**	**70**	**-**	**-**
Unfunded pension obligations	315	306	3	3
Pension obligations, net	**364**	**376**	**3**	**3**

Changes in benefit-based obligations during the year:	Group		Parent Company	
SEK millions	**2016**	**2015**	**2016**	**2015**
Pension obligations, January 1	1,647	1,967	3	3
Increase through acquisition of shares/operations	0	0	-	-
Benefits earned during the year	43	50	1	1
Actuarial gains/losses	5	-228	-	-
Interest expenses	34	37	0	0
Paid benefits	-131	-133	-1	-1
Curtailments and settlements	-7	26	-	-
Translation differences	88	-72	-	-
Pension obligations, December 31	**1,679**	**1,647**	**3**	**3**

Changes in the value of the managed assets during the year:	Group		Parent Company	
SEK millions	**2016**	**2015**	**2016**	**2015**
Managed assets, January 1	1,271	1,382	-	-
Increase through acquisition of shares/operations	0	0	-	-
Actuarial gains/losses	17	-40	-	-
Return during the year	21	26	-	-
Fees from employer	40	41	-	-
Paid benefits	-107	-103	-	-
Curtailments and settlements	3	29	-	-
Translation differences	70	-64	-	-
Managed assets, December 31	**1,315**	**1,271**	**-**	**-**
Pension obligations, net	**364**	**376**	**3**	**3**

13 Pensions cont.

Net pension provisions in balance sheet

	Group		Parent company	
SEK milllion	**2016**	**2015**	**2016**	**2015**
Pensions provisions	397	411	3	3
Long-term receivables	33	35	-	-
Pension obligations, net	**364**	**376**	**3**	**3**

Pensions provisions by country, December 31, 2016

SEK million	Finland	Norway	USA	Sweden	Other	Total
Funded pension obligations	1,010	291	60	3	0	1,364
Fair value of managed assets	947	321	45	2	0	1,315
Pension obligations less managed assets	**63**	**-30**	**15**	**1**	**0**	**49**
Unfunded pension obligations	140	16	80	42	37	315
Pension obligations, net	**203**	**-14**	**95**	**43**	**37**	**364**

Pensions provisions by country, December 31, 2015

SEK million	Finland	Norway	USA	Sweden	Other	Total
Funded pension obligations	1,027	254	54	6	0	1,341
Fair value of managed assets	943	285	41	2	0	1,271
Pension obligations less managed assets	**84**	**-31**	**13**	**4**	**2**	**70**
Unfunded pension obligations	143	15	71	42	35	306
Pension obligations, net	**227**	**-16**	**84**	**46**	**35**	**376**

Specification of plan assets

Distribution, %	2016	2015
Equity instruments	8.2	6.5
Bonds	47.4	52.0
Real estate	8.1	7.6
Cash	5.5	3.1
Investments funds	27.5	24.7
Other	3.3	6.1
Total	**100.0**	**100.0**

Exposure to the most significant risks in the benefit plans:

Asset volatility

The plan holds a significant part of its assets as bonds which over time should provide a lower volatility and carry less risk than equity instruments.

Discount rate

The plan obligations are calculated using a discount rate set with a reference to corporate bond yields. A decrease in bond yields increases plan obligations even though this will be partially offset by increase in plan assets.

Inflation risk

The plans' benefit obligations are linked to inflation and increase in inflation increases liabilities.

Actuarial assumptions used

2016	Finland	Norway	USA	Sweden
Discount rate, %	1.6	2.5	4.0	0.5
Future salary growth, %	1.0	3.0	3.3	3.0
Pension increase rate, %	1.7	2.0	2.8	0.5
2015				
Discount rate, %	1.8	2.9	4.3	0.6
Future salary growth, %	1.0	3.1	3.3	3.0
Pension increase rate, %	1.7	3.1	2.8	0.6

A 0.5% decrease of discount rate would increase pension obligation by SEK 69 (65) million, while an increase would decrease it with SEK 62 (55) million.

A 0.5% increase in Pension increase growth would increase pension obligation by SEK 42 (55) million, while a decrease would decrease it by SEK 40 (50) million.

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													
	2016							**2015**						
SEK millions	**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	-2,051	762	125	267	-1,382	1,437	-842	-2,449	808	163	300	-1,564	1,199	-1,543
Changes against earnings	128	43	5	-34	264	11	417	489	-189	1	24	276	192	793
Changes against other comprehensive income	3	0	-7			237	233	0	158	-41			-3	114
Changes against investment grant				-67			-67				-80			-80
Increase due to acquisition of shares/operations					0	1	1	0	0	0		-5		-5
Decrease due to disposal of shares/operations	0				0	0	0	-5					0	-5
Translation difference	-104	39	5	16	-89	124	-9	-86	-15	2	23	-89	49	-116
Closing balance, December 31	**-2,024**	**844**	**128**	**182**	**-1,207**	**1,810**	**-267**	**-2,051**	**762**	**125**	**267**	**-1,382**	**1,437**	**-842**

14 Deferred tax liabilities and tax receivables cont.

Deferred tax receivables and liabilities are distributed as follows:

Deferred tax receivables	**Group**	
SEK millions	**2016**	**2015**
• due within 12 months	160	168
• due after more than 12 months	894	1,324
	1,054	**1,492**
Deferred tax liabilities		
• due within 12 months	0	0
• due after more than 12 months	-1,321	-2,334
	-1,321	**-2,334**
Deferred tax, net	**-267**	**-842**

Changes in deferred tax (receivables +/liabilities –)	**Parent company**			
SEK millions	**Unused tax losses**	**Pension provisions**	**Other**	**Total**
Opening balance, January 1, 2015	175	1	98	274
Adjustment opening balance		16		16
Changes against earnings	116	3	-34	85
Changes against other comprehensive income	-	-	1	1
Closing balance, December 31, 2015	**291**	**20**	**65**	**376**
Opening balance, January 1, 2016	291	20	65	376
Changes against earnings	190	1	18	209
Changes against other comprehensive income	-	-	0	0
Closing balance, December 31, 2016	**481**	**21**	**83**	**585**

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 1,432 (1,826) million. SEK 31 (73) million of these will expire within 12 months.

15 Other provisions

Group

SEK millions	Restructuring provision	Warranties provision	Environmental provision	Other provisions[1]	Total
Opening balance, January 1, 2015	14	29	65	140	248
Increase through acquisitions of shares/operations	0	0	0	0	0
Additional provisions	23	2	5	20	50
Utilized during the year	-11	-4	-6	-21	-42
Reclassification	-1	14	-	-16	-3
Translation difference	-2	-1	-2	1	-4
Closing balance, December 31, 2015	**23**	**40**	**62**	**124**	**249**
Opening balance, January 1, 2016	23	40	62	124	249
Additional provisions	39	11	5	53	108
Utilized during the year	-33	-3	-2	-115	-153
Reclassification	-	-1	-	-3	-4
Translation difference	1	1	2	3	7
Closing balance, December 31, 2016	**30**	**48**	**67**	**62**	**207**

of which reported as:

	2016	2015
• Other long-term provisions	132	163
• Short-term provisions	75	87

Parent Company

SEK millions	Other provisions[1]	Total
Opening balance, January 1, 2015	16	16
Additional provisions	14	14
Reclassification	14	14
Closing balance, December 31, 2015	**44**	**44**
Opening balance, January 1, 2016	44	44
Additional provisions	1	1
Utilized during the year	-24	-24
Reclassification	-	-
Closing balance, December 31, 2016	**21**	**21**

of which reported as:

	2016	2015
• Other long-term provisions	18	19
• Short-term provisions	3	25

[1] "Other provisions" consist primarily of personnel-related provisions.

16 Interest-bearing liabilities

Long-term interest-bearing liabilities	Group		Parent Company	
SEK millions	**2016**	**2015**	**2016**	**2015**
Capital market debt[1)]	12,396	15,109	11,184	13,662
Financial leasing agreements	536	303	-	-
Bank loans[2)]	6,499	5,620	6,384	5,455
Export financing[3)]	-	63	-	-
Alabama tax revenue bond[4)]	1,969	1,823	-	-
Other	903	536	-13	-30
Total	**22,303**	**23,454**	**17,555**	**19,087**
Less amortization 2017 and 2016	-3,552	-2,709	-2,903	-2,000
Total	**18,751**	**20,745**	**14,652**	**17,087**

[1)–4)] For description of footnot 1–4 see adjacent table.

Issued/matures	Interest rate (nominal), %	Group		Parent Company	
		Outstanding, SEK millions			
SEK millions		**2016**	**2015**	**2016**	**2015**
[1)]Specification of capital market debt					
Fixed interest					
2009–2023	1.57 - 5.35	1,164	1,180	176	-
2014–2019	3.875 - 4.625	2,833	3,708	2,833	3,708
2007–2019	3.875 - 5.875	2,428	2,287	2,428	2,287
Total capital market debt (fixed interest)		**6,425**	**7,175**	**5,437**	**5,995**
Variable interest					
2009–2019	Stibor + 2.50 - 3.40	1,775	4,725	1,775	4,725
2010–2034	Libor + 1.35 - 3.30	3,398	2,391	3,398	2,391
2013-2020	Euribor +2.53 - 2.60	796	818	573	550
Total capital market debt (variable interest)		**5,969**	**7,934**	**5,746**	**7,666**
[2)]Specification of bank loans					
Variable interest					
2013–2018	Euribor + 1.10 - 1.75	1,070	165	955	-
2008–2017	Libor +1.10 - 2.00	5,429	5,455	5,429	5,455
2010–2015	Stibor +1.50 - 1.75	-	-	-	-
Total bank loans		**6,499**	**5,620**	**6,384**	**5,455**
[3)]Specification of export financing					
Variable interest					
2010–2016	Euribor + 1.50	-	63	-	-
Total export financing		**-**	**63**	**-**	**-**
[4)]Specification of Alabama tax revenue bond					
Variable interest					
2011–2031	Libor + 1.75%	523	484	-	-
2011–2041	Libor + 1.75%	1,446	1,339	-	-
Total Alabama tax revenue bond		**1,969**	**1,823**	**-**	**-**

16 Interest-bearing liabilities cont.

Repayment of long-term interest-bearing liabilities

SEK millions	2017	2018	2019	2020	2021	Later
As per December 31, 2016						
Group	**3,552**	**3,891**	**5,061**	**5,137**	**182**	**4,480**
Parent Company	**2,903**	**3,176**	**4,777**	**4,892**	**-**	**1,807**

Repayment of long-term interest-bearing liabilities

SEK millions	2016	2017	2018	2019	2020	Later
As per December 31, 2015						
Group	**2,709**	**8,245**	**3,156**	**4,953**	**212**	**4,179**
Parent Company	**2,000**	**7,902**	**2,818**	**4,694**	**-**	**1,673**

Short-term interest-bearing liabilities	**Group**		**Parent Company**	
SEK millions	**2016**	**2015**	**2016**	**2015**
Current part of long-term liabilities	3,552	2,709	2,903	2,000
Commercial paper	935	3,584	935	3,584
Overdraft facilities	6	54	-	46
Other short-term interest-bearing liabilities	4	16	-	-
Total short-term interest-bearing liabilities	**4,497**	**6,363**	**3,838**	**5,630**

Loan debts are valued at the amortized cost. Most of the loans in foreign currency is used as hedging for the net investment in SSAB Americas and Rautaruukki and thus has not been hedged.

On the balance sheet date, the Group's exposure on the Long-term interest-bearing liabilities to changes in interest rates and the contractually agreed dates for interest renegotiation with respect to borrowing was as follows:

Amount falling due for interest rate renegotiation

SEK millions	2017	2018	2019	2020	2021	Later
As per December 31, 2016						
Group	**15,406**	**2,367**	**2,978**	**16**	**14**	**1,522**
Parent Company	**12,620**	**2,106**	**2,829**	**-**	**-**	**-**

Amount falling due for interest rate renegotiation

SEK millions	2016	2017	2018	2019	2020	Later
As per December 31, 2015						
Group	**13,941**	**2,298**	**1,836**	**4,000**	**12**	**1,367**
Parent Company	**11,297**	**2,286**	**1,805**	**3,698**	**-**	**-**

Reported amounts, per currency, for the Group's borrowing are set forth in Note 28.

17 Other long-term non-interest-bearing liabilities

Other long-term non-interest-bearing liabilities	Group		Parent Company	
SEK millions	**2016**	**2015**	**2016**	**2015**
Investment grant (Alabama tax credit)	219	268	-	-
Other long-term employee benefits	160	153	-	-
Long-term hedge accounted derivatives	62	130	-	-
Other items	7	4	-	-
Total other long-term non-interest-bearing liabilities	**448**	**555**	**-**	**-**

18 Accrued expenses and deferred income

Accrued expenses and deferred income	Group		Parent Company	
SEK millions	**2016**	**2015**	**2016**	**2015**
Accrued personnel expenses	1,138	1,099	25	23
Non-invoiced goods and services received	801	496	-	-
Accrued interest expenses	157	161	144	151
Accrued discounts, bonuses and complaints	67	57	-	-
Derivatives reported in hedge accounting	431	447	401	295
Derivatives not reported in hedge accounting	141	177	105	79
Revaluation, hedged orders	0	1	-	-
Energy taxes	51	14	-	-
Other items	81	104	3	11
Total accrued expenses and deferred income	**2,867**	**2,556**	**678**	**559**

19 Net debt

	Group		Parent Company	
SEK millions	**2016**	**2015**	**2016**	**2015**
Cash and cash equivalents	3,876	2,709	2,238	591
Short-term investments	3	2	-	-
Receivables from subsidiaries	-	-	13,463	12,984
Other receivables	2,434	2,236	1,962	1,833
Interest-bearing assets	**6,313**	**4,947**	**17,663**	**15,408**
Short-term interest-bearing liabilities	4,497	6,365	3,838	5,631
Long-term interest-bearing liabilities	18,751	20,746	14,652	17,086
Pension provisions	397	411	3	3
Liabilities to subsidiaries	-	-	6,766	4,377
Other liabilities	555	581	488	336
Interest-bearing liabilities	**24,200**	**28,103**	**25,747**	**27,433**
Net debt	**17,887**	**23,156**	**8,084**	**12,025**

For definition of net debt, see Note 30.

20 Average number of employees and gender breakdown

	Number of employees		Women, %	
	2016	**2015**	**2016**	**2015**
Parent Company				
Sweden	56	59	51	44
Total, Parent Company	**56**	**59**	**51**	**44**
Subsidiaries				
Sweden	6,676	7,142	20	20
Finland	5,199	5,504	14	15
USA	1,304	1,328	12	12
Russia	1,095	1,277	28	27
Poland	669	708	25	24
Norway	207	219	19	19
Estonia	130	130	24	25
Lithuania	121	118	12	13
China	92	118	29	27
Canada	96	101	16	18
Ukraine	88	100	19	23
South Africa	79	88	17	21
Czechia	60	58	30	29
Romania	48	65	34	28
Germany	46	50	30	36
Italy	45	48	36	33
Denmark	43	55	37	38
Great Britain	43	47	26	27
Netherlands	37	36	27	26
Brazil	29	29	34	30
France	26	25	35	36
Other < 20 employees	192	210	25	24
Total, subsidiaries	**16,325**	**17,456**	**18**	**19**
Total, Group	**16,381**	**17,515**	**19**	**19**

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 29 (23) percent of the members of all boards of directors in the Group, while the figure for the Board of Directors of the parent company was 27 (18) percent. The percentage of women in the management groups (including Presidents) in the Group was 24 (23) percent. The Group Executive Committee comprises 7 men and 2 women.

21 Leasing

Operational leasing	**Group**		**Parent Company**	
SEK millions	**2016**	**2015**	**2016**	**2015**
Leasing charges during the year	**285**	**425**	**11**	**11**

The agreed minimum leasing charges relating to operational leasing agreements that cannot be terminated amount to SEK 219 million for 2017, a total of SEK 466 million for 2018–2021, and to SEK 189 million for the years after 2021. Operational leasing includes an oxygen plant unit and a deep-water harbour, office equipment, leases for property, premises and railway wagons for transportation in the steel operations.

Financial leasing	**Group**		**Parent Company**	
SEK millions	**2016**	**2015**	**2016**	**2015**
Leasing charges during the year	**86**	**70**	**-**	**-**

Agreed minimum leasing charges for 2017 amount to SEK 82 million and to a total of SEK 269 million for 2018–2021. The present value of financial leasing liabilities is SEK 903 (539) million. Financial leasing includes three oxygen plant units and a lime burning kiln, other production and office facilities, a switchgear, rolling stock for transportation in the steel operations, as well as a number of fork lift trucks.

22 Pledged assets

	Group		**Parent Company**	
SEK millions	**2016**	**2015**	**2016**	**2015**
Real property mortgages	59	58	-	-
Restricted funds	1,812	1,678	1,540	1,425
Total pledged assets	**1,871**	**1,736**	**1,540**	**1,425**

Restricted funds are mostly collateral for extended credit terms relating to purchases of raw materials.

23 Contingent liabilities

	Group		Parent Company	
SEK millions	**2016**	**2015**	**2016**	**2015**
Contingent liabilities regarding subsidiaries' obligations[1]	1,140	866	2,980	2,744
Other contingent liabilities[2]	1,565	1,682	100	83
Total contingent liabilities	**2,705**	**2,548**	**3,080**	**2,827**

[1] The Group's contingent liabilities for subsidiaries' obligations related primarily to bank guarantees and performance guarantees. Of the parent company, SEK 2,044 (1,991) 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.

During the fall of 2008, a number of class actions were brought in USA against a number of steel producers, including SSAB, alleging that they had violated US anti-trust legislation by colluding to restrict steel production in the USA during 2005–2007 with the aim of influencing steel prices. The opposing party consists of direct and indirect purchasers of relevant steel products who are claiming an unspecified amount in damages from the sued steel producers. During the third quarter of 2016, SSAB reached a settlement with the direct purchasers for USD 2 million and the parties are now awaiting the court's final approval of the settlement. In the lawsuit initiated by the indirect purchasers all defendants, including SSAB, have filed a motion to dismiss the complaint. The parties are now awaiting the court's decision in this matter.

The Group is otherwise 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 Untaxed reserves and appropriations

Untaxed reserves	Parent Company	
SEK millions	**2016**	**2015**
Tax allocation reserve	-	-
Total untaxed reserves in the balance sheet	**-**	**-**

Appropriations	Parent Company	
SEK millions	**2016**	**2015**
Group contribution, received	1,100	1,111
Group contribution, given	-	-
Change in tax allocation reserve	-	-
Total appropriations in the income statement	**1,100**	**1,111**

25 Acquisition shares and operations

During 2016, the Group has invested additional SEK 46 million in Raahen Voima Oy, Finland. The ownership is unchanged and is still 75%. In total, the Group's cash and cash equivalents was negatively impacted by SEK 46 million.

During 2015, the Group invested additional SEK 36 million in Manga LNG Oy, Finland. The ownership in Manga LNG Oy, Finland was unchanged. In addition to the acquired shares in Manga LNG Oy, the Group acquired the non-controlling interest in G&G Mining Fabrication Pty Ltd, Australia for SEK 0 million. As of December 31, 2015, G&G Mining Fabrication Pty Ltd was included with 100% in SSAB. In total, the acquisitions in 2015 affected the Group's cash and cash equivalents with SEK -36 million.

Expenses associated with acquisitions have been reported as costs.

Parent company

The Parent Company has not made any acquisitions during 2016 and 2015.

26 Divested shares and operations

No divestments were made during 2016.

During 2015, as was required in connection with the acquisition of Rautaruukki 2014, one steel service center in Sweden and one in Finland, the wholly-owned Finnish subsidiaries Tibnor Oy and Plannja Oy, as well as SSAB's 50 % stakes in Norskt Stål AS and Norskt Tynnplater AS were divested.

Value of assets and liabilities divested during 2015

SEK millions	
Tangible fixed assets (Note 7)	28
Participations in affiliated companies and joint ventures	154
Other long-term investments	7
Inventories	126
Accounts receivable	91
Other current receivables	19
Accounts payable	-99
Other current liabilities	-57
Divested net assets	**269**
Translation difference at time of divestment	28
Divested net assets excl translation difference[1)]	**241**
Capital loss	-69
Capital loss 2014 on assets and liabilities held for sale	-67
Capital loss affecting 2015	**-2**
Net received payment and effect on the Group's cash and cash equivalents	**172**

1) Net assets reported as "Assets and Liabilities held for sale" in 2014 amounted to SEK 328 million and SEK 160 million respectively.

Parent company

No divestments for the parent company during 2016 and 2015.

27 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. Since September 1, 2014, the Group has been 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. 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 page 6. 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.

27 Business segments cont.

Segment information provided is as follows:

Sales and results per business segment	Total sales		of which internal sales		Operating profit/loss	
SEK millions	**2016**	**2015**	**2016**	**2015**	**2016**	**2015**
Division:						
SSAB Special Steels	12,582	14,382	1,148	3,005	929	662
SSAB Europe	25,831	25,517	4,460	4,112	1,050	-175
SSAB Americas	10,639	11,936	82	84	110	428
Tibnor	6,879	7,163	149	195	108	-10
Ruukki Construction	5,304	5,374	43	114	171	18
Other	14	3	13	1	-232	-190
Depreciation/amortization on surplus values[1)]	-	-	-	-	-844	-862
Items affecting comparability[2)]	-	-	-	-	-79	-114
Group adjustments	-5,895	-7,511	-5,895	-7,511	0	-
Total	**55,354**	**56,864**	**-**	**-**	**1,213**	**-243**

[1)] Depreciation and amortization on surplus values for 2016 is related to SSAB Special Steels with SEK 0 (0) million, in SSAB Europe with SEK- 211 (-208) million, in SSAB Americas with SEK -636 (-657) million, in Tibnor with SEK -23 (-22) million, in Ruukki Construction with SEK 29 (28) million and in Other with SEK -3 (-3) million.

[2)] Items affecting comparability 2016 is related to Special Steels with SEK -27 (-) million, SSAB Europe with SEK -50 (-99) million, Tibnor with SEK -2 (88) million, Ruukki Construction with SEK 0 (-99) million and Other with SEK 0 (-5) million.

Balance and cash flow information per business segment	Depreciation and amortization		Maintenance expenditures		Strategic expenditures	
SEK millions	**2016**	**2015**	**2016**	**2015**	**2016**	**2015**
Division:						
SSAB Special Steels	551	551	250	203	25	22
SSAB Europe	1,458	1,514	560	1,360	80	433
SSAB Americas	627	615	163	249	55	106
Tibnor	85	76	25	28	26	17
Ruukki Construction	152	190	27	35	87	77
Other	21	28	28	16	0	-
Depreciation/amortization on surplus values[1)]	844	862	-	-	0	-
Total	**3,738**	**3,836**	**1,053**	**1,891**	**273**	**655**

[1)] Depreciation and amortization on surplus values for 2016 is related to SSAB Special Steels with SEK 0 (0) million, in SSAB Europe with SEK 211 (208) million, in SSAB Americas with SEK 636 (657) million, in Tibnor with SEK 23 (22) million, in Ruukki Construction with SEK -29 (-28) million and in Other with SEK 3 (3) million.

27 Business segments cont.

Geographical areas

The Group's export sales from Sweden and Finland are focused primarily on Europe. However, as a consequence of growth in the Group's niche products, sales in more distant markets are increasing. The manufacture of the Group's steel products take place almost exclusively in Sweden, Finland and the USA.

Sales per geographical area

SEK million	2016	%	2015	%
Sweden	9,461	17	9,519	17
Finland	6,258	11	6,571	12
Germany	3,229	6	3,210	6
Poland	2,131	4	2,325	4
Denmark	1,776	3	1,784	3
Great Britain	1,512	3	1,568	3
Rest of EU-28	7,571	14	7,599	13
Norway	2,727	5	2,696	5
Russia	908	2	976	2
Rest of Europe	1,335	2	1,190	2
USA	13,071	24	11,843	21
Canada	1,621	3	1,604	3
Rest of the world	3,754	6	5,979	9
Total	**55,354**	**100**	**56,864**	**100**

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				Capital expenditures in plants and machinery			
SEK million	2016	%	2015	%	2016	%	2015	%
Sweden	8,266	14	8,894	16	470	36	1,188	47
Finland	15,020	25	14,789	26	560	42	936	37
Rest of EU-28	578	1	615	1	52	4	49	2
Russia	216	1	204	0	2	0	6	0
Rest of Europe	29	0	25	0	8	1	3	0
USA	33,867	58	32,385	56	216	16	353	14
Canada	123	0	123	0	1	0	4	0
Rest of the world	380	1	402	1	17	1	7	0
Total	**58,479**	**100**	**57,437**	**100**	**1,326**	**100**	**2,546**	**100**

28 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 in Belgium. For a detailed description of the Group's financial risks, see page 20.

Refinancing risks (liquidity risks)

At year-end, long-term borrowing amounted to SEK 18,745 (20,745) million. Borrowing takes place primarily through the bank market and through existing note and commercial paper programs. For long-term borrowing for terms of up to ten years, a European Medium Term Note program (EMTN) or a Swedish MTN program is used, while Swedish and Finnish commercial paper programs are used for borrowing for shorter terms (< 1 year). The program limit of the EMTN program is EUR 2,000 million; the MTN program has a limit of SEK 7,000 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. The EMTN and MTN programs are rated by Standard & Poor's at B+.

At year-end, long-term borrowing within the EMTN program amounted to SEK 4,236 (4,970) million, borrowing within the MTN program amounted to SEK 2,800 (5,750) million, borrowing within the Swedish commercial paper program amounted to SEK 259 (1,706) million and borrowing within the Finnish commercial paper program amounted to SEK 676 (1,878) 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 10,975 (11,019) million, equal to 20 (19) % of sales.

To the extent surplus liquidity arises, it is used first and foremost to repay loans. If that is not possible, the funds are invested in government securities or deposited with approved banks.

The total loan debt at year-end was SEK 23,244 (27,108) million, with an average term to maturity of 5.1 (4.6) 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, 2016

SEK millions	Book value	Contractual cash flow	2016	2017	2018	2019	2020	Later
Capital market loans	12,395	14,080	3,578	2,336	4,279	1,098	186	2,604
Bank loans	6,499	6,884	177	1,536	1,036	4,135	-	-
Alabama tax revenue bond	1,969	3,003	46	46	46	46	46	2,771
Commercial papers	935	938	938	-	-	-	-	-
Other loans	1,446	1,538	607	239	94	63	70	466
Total loans	**23,244**	**26,443**	**5,346**	**4,157**	**5,455**	**5,342**	**302**	**5,841**
Derivatives, outflow	635	635	567	37	19	11	-	-
Derivatives, inflow	-423	-423	-395	-17	-9	-	-2	-
Total including derivatives	**23,456**	**26,655**	**5,518**	**4,177**	**5,465**	**5,353**	**300**	**5,841**

In addition to the above loan debts and derivative instruments, there are accounts payable and other current liabilities which are due and payable within one year. Interest flows are calculated based on interest rates and exchange rates at year-end.

28 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 RISKS

At year-end, the total interest-bearing loan debt amounted to SEK 23,244 (27,108) million, of which SEK 8,358 (8,985) million is carried or swapped to fixed interest. Including the interest rate swaps, the average fixed interest term was 0.8 (1.1) years. Given the same loan debt, short-term investments, cash and cash equivalents, and the same fixed term rates as at the end of the year, a change in market interest rates of 100 basis points (1 percentage point), including interest hedging, would change earnings after tax by approximately SEK 74 (111) 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 -3 (-6) million, which is reported in 'Other comprehensive income'. No inefficiency was identified during the year.

The Group's interest-bearing assets amounted to SEK 6,312 (4,947) million and consisted almost exclusively of cash and cash equivalents and funds in escrow at variable rates of interest.

CURRENCY RISKS

Most of the commercial currency flows which qualify for hedge accounting (at present, purchases in USD of iron ore, coal and zinc as well as sales in EUR) are hedged. Major currency flows relating to Ruukki Construction project business are hedged. Major investments 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 2016 was SEK 5.1 (4.7) billion. The Group's most important currency flows are shown in the diagram on page 21.

Based on revenues and expenses in foreign currency in 2016, a five percentage point devaluation of the Swedish krona against all currencies, including FX hedging, would have an annual positive effect on earnings after tax of SEK 490 (280) million. In addition, equity would be positively affected by the translation effect of foreign subsidiaries, net of equity hedges, with about SEK 2,000 (1,850) million.

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 390 (410) million with respect to USD and a positive impact of just over SEK 370 (370) million with respect to EUR. The negative effect vis-à-vis USD consists of an increased cost for the Group's purchases of raw materials (coal, iron ore and scrap metal) in the amount of approximately SEK 520 (540) million, a positive effect on the business' net flows of USD in other respects of approximately SEK 145 (140) million, and a negative impact as regards increased interest payments of approximately SEK 15 (10) million. The positive impact with respect to EUR consists of a positive effect on the business' net flows. The negative impact as regards to increased interest payments in EUR is approximately SEK 7 (10) million.

In 2016, net exchange rate differences were reported in the amount of SEK 113 (-308) million in operating profit and SEK 35 (-55) 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	
SEK millions	**2016**	**2015**	**2016**	**2015**
SEK	1,539	1,340	5	6
USD	1,801	1,389	214	183
EUR	3,046	2,389	88	67
Other currencies	1,818	1,653	-	-
Total	**8,204**	**6,771**	**307**	**256**
Of which:				
Accounts receivable	7,118	6,049	-	-
Other current receivables	663	437	5	6
Derivative instruments[1]	423	285	302	250
Total	**8,204**	**6,771**	**307**	**256**

[1] Derivative instruments are included in the balance sheet item "Prepaid expenses and accrued income" in the amount of SEK 423 (285) million and, for the parent company, SEK 302 (250) million.

28 Financial risk management cont.

As per December 31, the breakdown per currency of accounts payable, other current liabilities and derivative instruments was as follows:

Breakdown per currency	Group		Parent Company	
SEK millions	**2016**	**2015**	**2016**	**2015**
SEK	1,421	1,367	8	20
USD	4,005	2,596	451	288
EUR	3,113	2,692	54	86
Other currencies	1,227	1,197	1	-
Total	**9,766**	**7,852**	**514**	**394**
Of which:				
Accounts payable	8,224	6,334	2	14
Other current liabilities	970	895	6	6
Derivative instruments[1)]	572	623	506	374
Total	**9,766**	**7,852**	**514**	**394**

[1)] Derivative instruments are included in the balance sheet item "Accrued expenses and deferred income" in the amount of SEK 572 (623) million and, for the parent company, SEK 506 (374) million.

Borrowing broken down per currency	Group		Parent Company	
SEK millions	**2016**	**2015**	**2016**	**2015**
SEK	3,105	7,469	10,989	7,451
USD	13,103	11,803	2,797	9,594
EUR	6,936	7,816	4,704	5,672
Other currencies	100	20	-	-
Total	**23,244**	**27,108**	**18,490**	**22,717**

Borrowing in EUR and USD has not been hedged separately since the borrowing in itself is a hedge of the net investment in Rautaruukki and SSAB Americas.

The objective is to obtain an even balance in which the currency effect on the net investment in Rautaruukki and SSAB Americas has as little impact as possible on the Group's net debt/equity ratio.

At year-end, this net investment amounted to EUR 1,620 (1,620) million and USD 4,314 (4,314) million. In total, loans and currency derivatives subject to hedge accounting amounted to EUR 761 (724) million and USD 1,579 (1,579) million. At year-end, the accumulated fair value change in the hedge reserve on the loans and derivative instruments identified as hedge instruments amounted to SEK -6,197 (-4,855) million. During the year, an inefficiency of SEK 0 (0) million was identified.

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 3,339 (3,194) million, of which derivative instruments accounted for SEK 156 (60) million and investments in cash and cash equivalents amounted to SEK 3,184 (3,134) 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 bad debts, these receivables had a gross value of SEK 8,089 (6,772) million. The risk is allocated over a large number of customers. In addition, individual credit rating tests are conducted and limits imposed for each customer.

28 Financial risk management cont.

Age analysis regarding Accounts Receivable and Other receivables

	Group		Parent Company	
SEK millions	**2016**	**2015**	**2016**	**2015**
Not due	6,359	5,147	5	6
1–30 days	1,084	895	-	-
31–120 days	313	331	-	-
121–365 days	145	148	-	-
> 365 days	188	251	-	-
Total	**8,089**	**6,772**	**5**	**6**

Bad debts, change

	Group		Parent Company	
SEK millions	**2016**	**2015**	**2016**	**2015**
Opening balance	-286	-253	-	-
Increase through acquisition of business	-	10	-	-
Anticipated bad debt losses	-99	-90	-	-
Realized bad debt losses	89	53	-	-
Reversed non-utilized amount	3	1	-	-
Translation differences	-14	-7	-	-
Closing balance	**-307**	**-286**	**-**	**-**

No other financial assets have been written down.

Valuation of financial instruments

CURRENCY AND COMMODITY DERIVATIVES AND INTEREST RATE SWAPS

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. 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, the net investment in SSAB Americas was hedged with loans amounting to USD 1,185 (1,145) million and derivative instruments amounting to USD 394 (434) million. Net investment in Rautaruukki at year was hedged with loans amounting to EUR 459 (410) million and derivative instruments amounting to EUR 302 (314) million.

Currency hedging takes place also with respect to purchases of iron ore, coal, zinc and fuel oil, as well as regards major investments in foreign currency. 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 IAS 39 and comprises fair value hedging, changes in value of the currency derivatives do not impact on earnings; rather, 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 1.5 (0.9) billion. At year-end, derivative instruments for 'fair value hedging' had a reported net fair value of SEK 74 (-1) million, while purchase orders subject to hedge accounting and accounts payable related to hedged purchase orders were reported at SEK -74 (1) million, entailing that here was no inefficiency at the end of the accounting year.

Part of the currency hedges relating to USD-denominated raw material purchases meet the requirements of cash flow hedge accounting pursuant to IAS 39. The effective part of movements in the fair value of the derivatives that are designated as and qualify for cash flow hedging is recognized in other comprehensive income under equity. The result of USD-denominated derivatives is transferred from equity to adjust the cost of goods sold in the period when the hedged item affects the result. The ineffective part of movements in the fair value of the derivatives is booked direct to other operating expenses. There were no ineffective hedges and no ineffectiveness at the end of the year. At year-end, the total value of forecast purchases in respect of which currency forwards had been contracted was SEK 1.8 (1.6) billion. At year end, derivatives for ”cash flow hedging” had reported net fair value of SEK 96 (25) million of which SEK 22 (7) million was reported in ”Other comprehensive income”.

Currency hedging also takes place on forecast sales in EUR. For currency hedging which meets the requirements for hedge accounting, changes in value of a currency derivative do not impact on earnings; rather, they are reported in ”Other comprehensive income”. In connection with sales, accumulated amounts are reversed from the hedge reserve in equity to the income statement in the periods in which the hedged item affects earnings. At year-end, the total value of forecast sales in respect of which currency forwards had been contracted was SEK 1.6 (1.7) billion. At year-end, derivative instruments which relate to forecast sales and which meet the requirements for hedge accounting amounted to net SEK -9 (24) million, of which SEK -9 (24) million was reported in ”Other comprehensive income”. There was no inefficiency at the end of the accounting year.

Cash flow hedging is applied when hedging price risk in zinc, fuel oil and electricity. The zinc, electricity and fuel oil 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

28 Financial risk management cont.

the relationship. The effective part of movements 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 movements in the fair value of the derivatives is booked directly to ”Other operating expenses”. The realized income of the effective part of hedges is recognized as an adjustment to the cost of sales in the period during which the hedged items affects the result.

Zinc is used for producing galvanized steel products. At year-end, the amount of forecast purchases in respect of which zinc derivatives had been contracted was 15,300 (19,400) tonnes. At year-end, derivative instruments which relate to forecast zinc purchases and which meet the requirements for hedge accounting amounted to net SEK 70 (-53) million, of which SEK 51 (-47) million was reported in ”Other comprehensive income”. There was no inefficiency at the end of the accounting year.

Electricity price risk relating to forecasted electricity consumption in Raahe and Hämeelinna works is hedged primarily through standard derivative products listed on the market. At year-end, the amount of forecast purchases in respect of which electricity derivatives had been contracted was 2,499 (1,900) GWh. At year-end, derivative instruments which relate to forecast electricity purchases and which meet the requirements for hedge accounting amounted to net SEK -45 (-226) million, of which SEK -45 (-226) million was reported in ”Other comprehensive income”. There was no inefficiency at the end of the accounting year.

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 require-ments for hedge accounting pursuant to IAS 39, changes in the value of the interest rate derivative do not impact on earnings; rather, they are reported in ‘Other comprehensive income’. At year-end, such interest-rate derivatives had a booked fair value of SEK -3 (-6) million, of which SEK -3 (-6) million was reported in ‘Other comprehensive income’. There was no inefficiency at the end of the accounting year.

Derivative instruments which are not reported in hedge accounting are valued at fair value in the income statement. At year-end, these non-realized derivative instruments amounted to net SEK -90 (-32) million, of which SEK 13 (50) million was reported in ‘Other operating income’ and SEK -103 (-82) million was reported in ‘Financial items’.

The Group’s total outstanding FX derivatives had an average maturity of 2 (2) months, commodity derivatives 19 (19) months and interest rate derivatives 24 (36) months at year-end.

Valuation of financial assets and liabilities

The table below shows the reported value compared with the assessed fair value per type of financial asset and liability:

Group	Reported value		Fair value	
SEK millions	**2016**	**2015**	**2016**	**2015**
Financial assets				
2. Financial fixed assets	274	469	274	469
1. Currency derivatives not subject to hedge accounting[1]	51	145	51	145
4. Currency derivatives for "fair value hedging" of flows[1]	75	1	75	1
4. Currency derivatives for hedging of sales[1]	4	31	4	31
4. Currency derivatives for hedging of purchases[1]	99	31	99	31
4. Currency derivatives for hedging of commodities[1]	117	3	117	3
4. Currency derivatives for hedging of net investments[1]	74	74	74	74
4. Derivativies for heding of commodities[1]	2	-	2	-
2. Accounts receivable	7,118	6,048	7,118	6,048
2. Other current interest-bearing receivables	663	1,787	663	1,787
2. Cash and cash equivalents	3,879	2,711	3,879	2,711
Financial liabilities				
3. Long-term interest-bearing liabilities	18,751	20,745	18,753	20,395
3. Current interest-bearing liabilities	4,493	6,363	4,606	6,402
1. Currency derivatives not subject to hedge accounting[1]	141	178	141	178
4. Currency derivatives for "fair value hedging" of flows[1]	1	0	1	0
4. Currency derivatives for hedging of sales[1]	13	7	13	7
4. Currency derivatives for hedging of purchases[1]	-	5	-	5
4. Currency derivatives for hedging of commodities[1]	30	152	30	152
term)[2]	62	130	62	130
4. Currency derivatives for hedging of net investments[1]	381	274	381	274
4. Interest rate derivatives for hedging of interest flows[1]	5	7	5	7
3. Accounts payable	8,224	6,334	8,224	6,334

Balance sheet item classification: 1. Holdings valued at fair value in the income statement; 2. Loan receivables and accounts receivable valued at acquisition value; 3. Financial liabilities valued at amortized cost; 4. Derivatives for hedging valued at fair value.

[1] Derivative instruments are included in the balance sheet items "Accrued income and prepaid expenses" or "Accrued expenses and deferred income".
[2] Derivative instruments are included in the balance sheet item "Other long-term non-interest-bearing liabilities".

28 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 bad debts.

Derivative instruments are valued at fair value, calculated with established valuation models based on observable market data. At year-end, the derivatives were valued at SEK 423 (285) million as financial assets and SEK -634 (-753) million as financial liabilities. If full netting had been applied the derivatives had been booked at SEK 156 (60) million as financial assets and SEK -528 (-528) million as financial liabilities.

Accounts receivable are reported in the amount which is expected to be received following an individual assessment of bad debts. There is no concentration of credit risks, since the Group has a large number of customers spread throughout the world.

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.

Non-current interest-bearing liabilities consist primarily of loans that are not subject to hedge accounting and are valued at amortized cost. Loans subject to hedge accounting are valued and reported at fair value. Fair value has been calculated based on the interest rate for outstanding terms to maturity as applicable at the end of the year.

Current 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 Company'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 to maintain a long-term net debt/equity ratio of around 30%.

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 net debt/equity ratio decreased during the year, primarily due to the rights issue 2016. At year-end, the net debt/equity ratio was 34 (52)%.

29 Critical estimations and assessments

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 estimations

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 decline in earnings during the year, but by the end of the year duties on import of steel products were introduced and an increased optimism regarding the North American steel business climate could be seen. The calculation of the discount rate is built on the average long-term interest rates during the two-months period November-December. In total, this meant that the room for deterioration in the estimates concerning the cash-generating unit declined compared somewhat and amounted to SEK 2.3 (2.5) 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.

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 0.5 (0.6) percentage points higher than the assessment made in the calculation or if the long-term forecasted gross margins were to be 1.0 (1.4) 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. At year-end the interest rate was almost 0.04 percentage points higher than the used average rate. Otherwise, the cash-flow valuation was based on the assumption of a return to a more normal market for heavy plate in the USA 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 would decline from their current historically high 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 7.0 (8.9) percentage points higher than the assessment made in the calculation or if the long-term forecasted gross margins were to be 5.2 (7.0) 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 4.3 (6.9) percentage points higher than the assessment made in the calculation or if the long-term forecasted gross margins were to be 3.2 (6.2) 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 3.1 (5.2) percentage points higher than the assessment made in the calculation or if the long-term forecasted gross margins were to be 1.0 (1.7) percentage points lower than the assessment made in the forecast.

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 21.3 (12.9) percentage points higher than the assessment made in the calculation or if the long-term forecasted gross margins were to be 7.0 (7.9) percentage points lower than the assessment made in the forecast.

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 219 (268) million.

29 Critical estimations and assessments cont.

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 1,679 (1,647) 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 15,001 (12,691) million, where of SEK 190 (457) million were valued at net realizable value.

ACCOUNTS RECEIVABLE

Provision for bad debts 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 provision for bad debts was increased by SEK 22 million to SEK 308 (286) million, thereby representing 4.1 (4.7) % of outstanding accounts receivable.

30 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 from 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
Total equity according to the consolidated balance sheet.

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.

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
Share price at year-end divided by earnings per share.

Return on 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.

31 Considerations relating to proposed allocation of profit

At the 2017 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 16,804 (15,860) million and the parent company's unrestricted equity was SEK 50,436 (40,192) million. The equity included unrealized profits resulting from financial instruments being reported at market value in the amount of SEK 0 (0) million.

The net debt was SEK 17,887 (23,156) million resulting in the net debt/equity ratio decreasing with 18% to 34 (52)%. The Group's long-term target over a business cycle is 30%. The Group had a positive result after tax of SEK 943 million.

SSAB's goal to reduce net debt by SEK 10 billion between start of the first quarter of 2016 and the end of 2017 is not yet achieved and the net debt/equity ratio is still not down to 30%.

Against this background, the Board proposes to the Annual General Meeting that no dividend be paid.

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	40,873
Profit for the year	9,563
SEK millions	**50,436**

Of this, a share premium reserve comprises SEK 22,469 million and a fair value reserve comprises SEK -2 million.

The Board of Directors and the President recommend that the profit be allocated as follows:

Dividend to the shareholders SEK 0.00 per share	0
Carried forward to next year	50,436
SEK millions	**50,436**

According to the consolidated balance sheet, the Group's retained earnings amounted to SEK 16,804 (15,860) 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.

Stockholm, February 22, 2017

Bengt Kjell
Chairman

Sture Bergvall
Director

Petra Einarsson
Director

Marika Fredriksson
Director

Jimmy Gustavsson
Director

Matti Lievonen
Director

Annika Lundius
Director

John Tulloch
Director

Lars Westerberg
Director

Tomas Westman
Director

Martin Lindqvist
President and CEO

Our auditor's report was submitted on February 24, 2017
PricewaterhouseCoopers AB

Magnus Svensson Henryson
Authorized public accountant

AUDITOR'S REPORT

To the general meeting of the shareholders of SSAB AB (publ), 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 2016. The annual accounts and consolidated accounts of the company are included in this document under the heading Financial Reports 2016 on pages 1–85.

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 parent company as of 31 December 2016 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 2016 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.

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.

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

Our audit approach

AUDIT SCOPE

We designed our audit by determining materiality and assessing the risks of material misstatement in the consolidated financial statements. In particular, we considered where management made subjective judgements; for example, in respect of significant accounting estimates that involved making assumptions and considering future events that are inherently uncertain. As in all of our audits, we also addressed the risk of management override of internal controls, including among other matters consideration of whether there was evidence of bias that represented a risk of material misstatement due to fraud.

We tailored the scope of our audit in order to perform sufficient work to enable us to provide an opinion on the consolidated financial statements as a whole, taking into account the structure of the Group, the accounting processes and controls, and the industry in which the group operates.

The scope of our group audit included the parent company, the treasury activities conducted in both the parent company and its subsidiaries, all production entities of the steel divisions located in Sweden, Finland and the U.S. and ten of the larger entities for steel distribution globally. In addition, all major entities within Ruukki Construction and Tibnor were in scope for the group audit. Other entities were audited to the extent required under local legislation.

MATERIALITY

The scope of our audit was influenced by our application of materiality. An audit is designed to obtain reasonable assurance whether the financial statements are free from material misstatement. Misstatements may arise due to fraud or error. They are considered material if individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

Based on our professional judgement, we determined certain quantitative thresholds for materiality, including the overall materiality for the financial statements as a whole. These, together with qualitative considerations, helped us to determine the scope of our audit and the nature, timing and extent of our audit procedures and to evaluate the effect of misstatements, both individually and in aggregate on the financial statements as a whole.

Key audit matters

Key audit matters of the audit are those matters that, in our professional judgement, 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.

	Key audit matter	How our audit addressed the Key audit matter
VALUATION OF GOODWILL RELATED TO SSAB AMERICAS Information on goodwill is disclosed in note 6, note 29 and in the accounting principles in the annual report.	SSAB's goodwill is allocated to the five cash generating units of the group. The fundamental value of the goodwill items is based on forecasts of future events that are inherently uncertain. We have focused on the goodwill allocated to the U.S. business in our audit, because that item is the most significant. The headroom between calculated values-in-use and carrying amounts for the other cash generating units is large. The value of the business's assets is largely dependent on the business's ability to generate cash flows in the long term. The profitability of the American business is affected by many factors including; sales volumes, steel prices, prices on scrap and other raw materials and the efficiency of the mills. Profitability in the steel business as a whole has been low over the past several years and the possibility of reaching a satisfactory return has been negatively affected by overcapacity overseas which has led to increased imports.	We have verified that the forecasted cash flows included in the impairment test for the next year are based on the recurring budgets and forecasts prepared by management. We have reconciled that the assumptions used for the first years of the forecast are consistent with management's strategic plans and intentions. And we have evaluated the long term margin and growth rate that the company use to forecast cash flows beyond the first five year period. Our evaluation included a comparison of the assumptions used to historical performance of the company and to forecasts from external sources. Our tests of the discount rate used for calculation purposes, included and assessment of whether the discount rate reflects the specific and general risks related to the cash generating unit. We have been able to reconcile the data in the calculation to independent external sources and validated that the composition of the discount rate is consistent with established theory and working practices. We have also evaluated the company's sensitivity analysis of the valuation to changes in significant parameters that could lead to impairment.

	Key audit matter	How our audit addressed the Key audit matter
EXISTENCE AND VALUATION OF INVENTORY IN THE STEEL BUSINESS Information on inventory is disclosed in note 9, note 29 and in the accounting principles in the annual report.	The production units of the steel business have stocks of raw material, work in progress and finished goods. For the purpose of offering short and precise deliveries and to offer customised solutions, there are market stocks of finished goods at around a hundred locations globally. It is demanding to correctly measure cost when procurement-, production- and logistical processes are complex. Product costing requires a number of decisions by management that have an effect on the recorded values. Important areas include; choice of method for applying the principle of FIFO, establishing a normal production level and allocation of direct and indirect costs. The measurement of value also includes other areas of subjectivity, such as assessment of volume of iron ore and coal in piles kept outdoors, estimates of net realizable value when applying the principle of the lower of cost and market value and assessment of obsolescence.	Processes for the production of steel is the core of the business with established operational and monitoring controls. In many cases, it is the operational controls that are the basis for controls over financial reporting. We have tested the design and operating effectiveness of a sample of controls in the inventory process including controls for establishing product costing of work in progress and finished goods, transfers between locations, for deliveries in and deliveries out, and for monitoring that stock-takes are executed at all locations on a recurring basis and that any differences observed were investigated. We have performed tests over the prices of raw materials, verified items in the product costing of work in progress and finished goods and tested the cut off of deliveries in and out of inventory. We have informed ourselves of the monitoring controls over slow-moving stock and the assessments made concerning obsolescence. We have participated in or performed our own control stock-takes at around forty locations during the year, including production units and market stocks for the purposes of obtaining comfort over both volume and to test obsolescence. The value of SSAB's inventory amounted to MSEK 15 001 at year end, of which MSEK 190 was valued at net realizable value.

	Key audit matter	How our audit addressed the Key audit matter
VALUATION OF ACCOUNTS RECEIVABLE Information on accounts receivable is disclosed in note 28, note 29 and in the accounting principles in the annual report.	SSAB sells steel to a large number of customers globally and accounts receivable is a significant item on the balance sheet. Payment terms are dependent on local practices. The value of the outstanding accounts receivable is dependent on the extent customers will pay for the goods they have purchased. Information on individual customers' ability to pay is limited and that gives rise to a degree of uncertainty that requires management judgement. SSAB assesses its accounts receivable individually. Based on available information, SSAB records a provision for risks in the stock of accounts receivable.	We have evaluated the design and operating effectiveness of some selected controls in the sales processes that give rise to accounts receivable and payments. Moreover, we have evaluated the design and operating effectiveness of certain internal controls for the valuation of accounts receivables, including reconciliation and assessment of credit risk in overdue but not paid accounts receivable. To a lesser degree, we have comfort from work performed in prior years. In such cases, we have obtained confirmation from the company that the process is unchanged and that the controls have been performed consistently. We have read management's analysis of the development of average days of credit and risks in the stock of accounts receivable. Our conclusion from our testing of controls is that we have obtained the amount of comfort as we looked for when planning the audit. In addition to the test of controls, we have contacted a sample of SSAB's customers to obtain independent confirmation of the existence of outstanding accounts receivables. In the cases where we did not receive any responses, we have performed tests to confirm that invoices have been paid after the balance sheet date, or tested the delivery of products against documentation. We have made our own assessment of credit risk parallel to the company's valuation regarding the small number of cases where agreements have been made that alter original terms of payment. Overall, the credit quality of SSAB's accounts receivable has been stable and the amount of credit losses have been low for several years. As set out in note 29 of the annual report, the provision for doubtful accounts receivables amount to 4.1 (4.7) % of total accounts receivable.

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 in the section Business Review. 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 error.

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 error, 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 error 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.

A further description of our responsibility for the audit of the annual accounts and consolidated accounts is available on Revisorsnämnden's website: www.revisorsinspektionen.se/rn/showdocument/documents/rev_dok/revisors_ansvar.pdf. This description is part of the auditor´s report.

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 2016 and the proposed appropriations of the company's profit or loss.

We recommend to the general meeting of shareholders

- that the profit be appropriated 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 fulfil 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.

A further description of our responsibility for the audit of the administration is available on Revisorsnämnden's website: www.revisorsinspektionen.se/rn/showdocument/documents/rev_dok/revisors_ansvar.pdf. This description is part of the auditor´s report.

Stockholm 24 February 2017
PricewaterhouseCoopers AB

Magnus Svensson Henryson
Authorised Public Accountant

SHARES AND SHAREHOLDERS

SSAB is listed on the Nasdaq OMX Stockholm and Nasdaq OMX Helsinki exchange.

Share performance and trading

THE 2016 CLOSING PRICES ON THE NASDAQ OMX STOCKHOLM EXCHANGE WERE
SSAB class A share: SEK 34.58
SSAB class B share: SEK 28.79
Total year-end market capitalization: SEK 31.4 billion

SHARE PERFORMANCE DURING 2016*
SSAB class A share: +104.3%
SSAB class B share: + 108.2%
Nasdaq OMX Stockholm 30 was up by 8.8%

The highest price was
SSAB class A share: SEK 39.28, on December 12
SSAB class B share: SEK 32.59, on December 12

The lowest price was,
SSAB class A share: SEK 13.38, on January 20
SSAB class B share: SEK 11.30, on January 20

* Historical share prices have been adjusted based on the bonus issue element in the rights issue of class B shares carried out in 2016

During the year, SSAB's shares were traded on the Nasdaq OMX Stockholm Exchange for a total of SEK 56.8 billion. Shares were traded on all exchange days and averaged approximately SEK 224.5 million per day. The volume of A shares traded during the year corresponded to 343% of the average number of outstanding shares. The volume of B shares traded corresponded to 139% of the average number of outstanding shares. Trading in the share in Helsinki (A and B share) averaged 0.77 million shares per day during 2016.

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, 82% of the class A shares and 89% of the class B shares were traded on Nasdaq OMX Nordic (Stockholm and Helsinki).

Share capital

During 2016, SSAB carried out a rights issue of class B shares. The number of shares increased through the issuance of new class B-shares by 480,589,816. The number of votes increased by 48,058,981.6. As of December 30, 2016, 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 2016, SSAB had 102,866 shareholders.

SSAB's three largest owners in terms of voting rights at year-end 2016 were:
- Industrivärden 18.2%
- Solidium 11.0%
- LKAB 3.6%

The ten largest identified owners together owned approximately 40.5% of the voting capital and 40.7% of the share capital at the end of December 2016. Owners outside Sweden and Finland accounted for 28.4% of voting rights and 23.2% of the total number of shares.

Dividend policy and dividends

Dividends are adapted to the average earnings level over a business cycle and, in the long term, constitute approximately 50% of profit after tax, taking into consideration the net debt/equity ratio. It should also be possible to use dividends to adjust the capital structure.

The Board of Directors has resolved to propose to the Annual General Meeting to be held on April 6, 2017 that no dividend will be paid. For the 2015 financial year, no dividend was paid.

Investor relations

During 2016, a large number of meetings were held with owners, investors and analysts, both in Sweden and outside, mostly in Europe and the USA. Presentations and investor meetings are regularly held in connection with the publication of interim reports and annual results.

Ticker codes

Nasdaq OMX Stockholm: SSABA and SSABB
Nasdaq OMX Helsinki: SSABAH and SSABBH (class A and class B shares respectively)

Share breakdown

Shareholding	Number of shareholders	% of all shareholders
1–500	41,681	40.5
501–1,000	18,055	17.6
1,001–5,000	32,815	31.9
5,001–10,000	5,600	5.4
10,001–15,000	1,624	1.6
15,001–20,000	935	0.9
20,001–	2,156	2.1
Total	**102,866**	**100**

Source: Euroclear

The number of shares and the 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 8:7	480,589,816	1,029,835,326	4,229	9,062

Owners as of December 31, 2016

	% of votes	% of share capital
Industrivärden	18.2%	11.4%
Solidium	11.0%	17.1%
LKAB	3.6%	2.3%
Swedbank Robur Funds	1.8%	3.1%
Invesco Funds	1.6%	1.3%
Nordea Investment Funds	1.3%	0.9%
Handelsbanken Funds	1.1%	3.2%
AMF	0.8%	0.6%
Folksam	0.7%	0.5%
Handelsbanken Liv	0.6%	0.4%
Other shareholders	59.5%	59.3%
Total	**100.0%**	**100.0%**
Whereof foreign-registered shareholders*	28.4%	23.2%

* Includes shareholders outside Sweden and Finland

Source: Euroclear

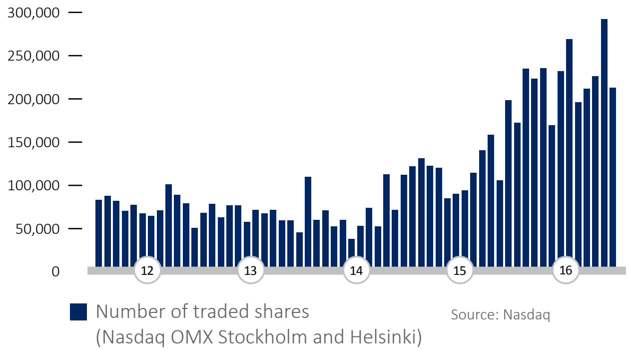
Share-related key figures

		2016	2015	2014	2013	2012
Share price, at year end, class A share [3]	SEK	34.58	17.06	34.42	37.19	42.66
Earnings per share (EPS) [3]	SEK	1.04	-0.66	-2.39	-2.36	0.04
Cash flow before dividend and financing per share [3]	SEK	2.19	2.99	0.16	2.26	7.25
Equity per share [3]	SEK	51.36	80.82	79.78	83.74	88.81
Dividend per share [3]	SEK	0.00[1]	0.00	0.00	0.00	0.72
Average number of shares	millions	794.8	549.2	419.6	323.9	323.9
Number of shares at year-end	millions	1,029.8	549.2	549.2	323.9	323.9
Market capitalization at year end	SEK millions	31,410	11,534	23,731	15,321	17,624
Valuation						
Direct yield, %[2]		0.00[1]	0.00	0.00	0.00	1.80
P/E ratio[2]		33.25	neg.	neg.	neg.	n.m
Price/equity, %[2]		67	21	43	44	48

[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

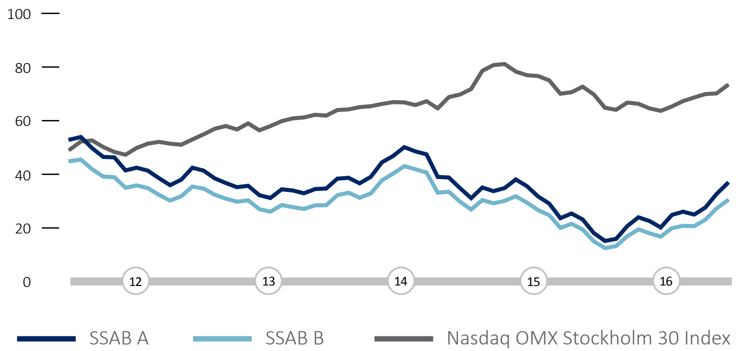
Thousands



SSAB's shares have been listed in Nasdaq OMX Helsinki since August 1, 2014

Share performance

SEK



Historical share prices have been adjusted based on the bonus issue element in the rights issue of class B shares carried out in 2016

Source: Bloomberg

ANNUAL GENERAL MEETING, NOMINATION COMMITTEE, CALENDAR

ANNUAL GENERAL MEETING

SSAB's Annual General Meeting will be held in Stockholm on Thursday April 6, 2017, starting at 1 pm. To be eligible to attend the Annual General Meeting, shareholders must be included in the printout of the share register made by Euroclear Sweden AB on Friday, March 31, 2017 and must give notice of their intention to attend the meeting by no later than Friday, March 31, 2017, preferably 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 Friday, March 31, 2017.

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, Box 7832, SE-103 98 Stockholm, Sweden.

DIVIDENDS

The Board of Directors and the President & CEO propose that the Annual General Meeting resolve no payment of a dividend for 2016.

NOMINATION COMMITTEE

- Lars Pettersson, Industrivärden (Chairman)
- Kari Järvinen, Solidium Oy
- Åsa Nisell, Swedbank Robur Funds
- Magnus Strömer, Handelsbanken Funds
- 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 2017 financial year:

- Report for the first quarter, April 21, 2017
- Half-year report, July 20, 2017
- Report for the third quarter, October 25, 2017

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