SSAB ANNUAL REPORT 2016

TOWARD INDUSTRY-LEADING PROFITABILITY

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55

Net sales SEK 55 billion

15,000

Approximate number of employees

50

Employees in more than 50 countries

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

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

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

- SSAB Special Steels – Global steel supplier and service partner in Quenched & Tempered Steels (Q&T) and Advanced High-Strength Steels (AHSS)
- SSAB Europe – Leading Nordic-based steel producer of high-quality strip, plate and tube products
- SSAB Americas – Market-leading North American producer of quality steel plate and coil
- Tibnor – Leading Nordic supplier of steel, other metals and processing services
- Ruukki Construction – Sustainable building and construction products and services in Europe

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

- Headquarters in Stockholm, Sweden
- President & CEO Martin Lindqvist
- SSAB employs approximately 15,000 people in more than 50 countries
- Net sales: SEK 55 billion

WE ARE UNIQUE

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

Watch the Hardox video

Watch the Strenx video

PRODUCTION

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

The company also has capacity to process and finish various steel products in China, Brazil and many other countries.

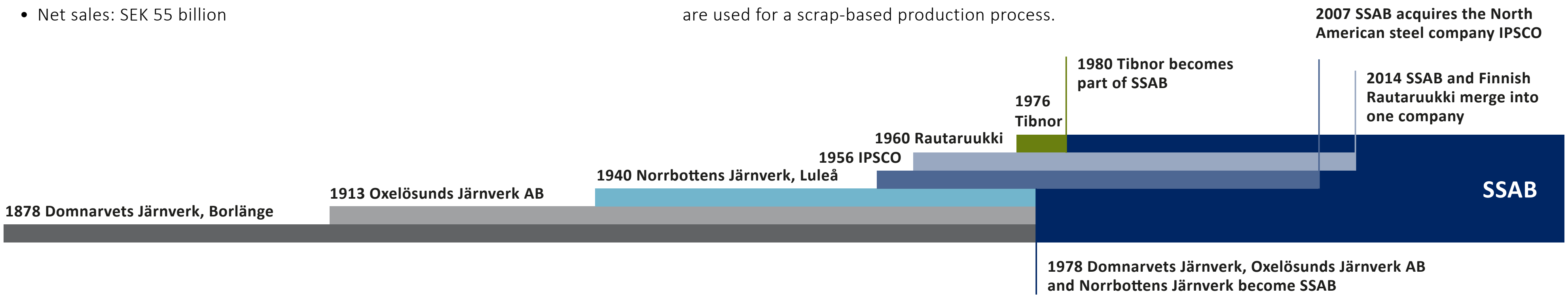
In Sweden and Finland, production is integrated into a blast furnace process. In the US, electric arc furnaces are used for a scrap-based production process.

MAIN PRODUCTION SITES:

SSAB Europe
- Borlänge, Sweden
- Hämeenlinna, Finland
- Luleå, Sweden
- Raahe, Finland

SSAB Special Steels
- Oxelösund, Sweden

SSAB Americas
- Mobile, Alabama, USA
- Montpelier, Iowa, USA



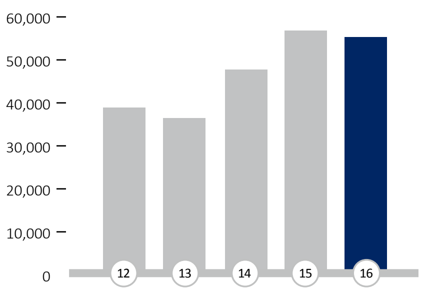
2016 IN BRIEF

KEY FIGURES	2016	2015
Sales, SEK million	**55,354**	56,864
Operating profit before depreciation/amortization, EBITDA, SEK million	**4,951**	3,593
Operating profit/loss, SEK million	**1,213**	-243
Profit/loss after financial items, SEK million	**324**	-1,171
Earnings per share, SEK	**1.04**	-0.66
Operating cash flow, SEK million	**3,207**	3,874
Dividend per share – 2016 proposal	**0.00**	0.00
Energy consumption, GWh	**8,990**	8,381
Carbon dioxide emissions[1], thousand tonnes	**9,981**	9,448
Employees[2]	**14,980**	16,045
Lost time incident frequency (LTIF)[3]	**7.0**	6.3

[1] Direct emissions from production (Scope 1)
[2] Permanent employees at year end
[3] Number of accidents resulting in an absence of more than one day per million working hours, including contractors

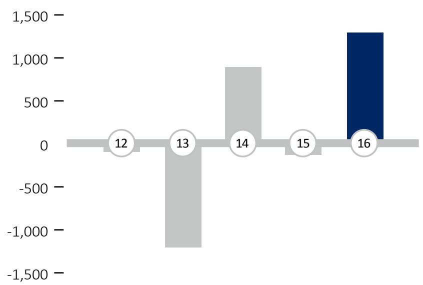
Total sales

SEK m



Operating profit/loss[1]

SEK m



[1] Excluding items affecting comparability

Sales, SEK 55,354 m

- SSAB Special Steels 21%
- SSAB Europe 39%
- SSAB Americas 19%
- Tibnor 12%
- Ruukki Construction 9%

Employees[1]

- SSAB Special Steels 19%
- SSAB Europe 46%
- SSAB Americas 8%
- Tibnor 8%
- Ruukki Construction 17%
- Other 2%

[1] Permanent employees at year end

Share of EBITDA[1]

- SSAB Special Steels 28%
- SSAB Europe 48%
- SSAB Americas 14%
- Tibnor 4%
- Ruukki Construction 6%

[1] Operating profit/loss before depreciation/amortization (EBITDA) per business segment

VISION AND VALUES

OUR VISION

A stronger, lighter and more sustainable world.

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

Watch the Taking the Lead! video

OUR VALUES

CUSTOMER'S BUSINESS IN FOCUS

- We constantly listen to and understand our customers' needs
- We aim to always take an active, long-term interest in our customers' business
- We want to earn our customers' trust
- We want to be our customers' innovation partner

TAKING RESPONSIBILITY

- We build strong, long-lasting relationships by being professional, cooperative and honest
- We keep our promises
- We work safely and responsibly
- We respect people and strive for diversity

EXCEEDING EXPECTATIONS

- We are dedicated, ambitious and proud of what we do
- We are straightforward, results-oriented and quickly take action
- We don't do things that don't create value for our stakeholders
- To achieve top performance, we always challenge ourselves and further enhance our expertise

SSAB IN THE VALUE CHAIN

SSAB's business model is built on fostering close, long-term customer relationships. Through intense collaboration, SSAB continuously develops new products, applications, services and processes in order to improve our customers' performance in sustainability and overall efficiency. Within SSAB's value chain, most value is created in the use phase, as our customers are able to produce lighter and stronger end products with extended lifespan. SSAB aims to reduce the environmental impact of our steel products in every phase of the lifecycle, from raw material extraction to recycling at the end of a product's life.

CAPITALS

FINANCIAL
- Debt
- Equity

PEOPLE
- 15,000 employees in more than 50 countries
- Subcontractors and service providers

NATURAL
- Iron ore pellets, scrap metal, coal and coke
- Other raw materials
- Fuels
- Electricity
- Water

INFRASTRUCTURE
- Steel production sites
- Steel Service Centers
- Hardox Wearparts network
- Stocks and distribution network
- Sales offices

EXPERTISE AND REPUTATION
- Research and development
- Knowledge in high-strength steels
- Knowledge of customers' applications
- Expertise in technical support
- Brands and brand programs
- Patents

SOCIAL/ RELATIONSHIP
- Strong, responsible supplier network
- Global sales network
- Joint innovation projects with customers
- Customer training
- Community engagement
- Industry and government participation

SOURCING
The raw materials used to make iron and steel account for SSAB's most significant purchases. At SSAB, sustainability is an integrated aspect of sourcing operations and supply chain management, and suppliers must comply with SSAB's Supplier Sustainability Policy.

PRODUCTION
Operational efficiency, flexibility, environmentally-sound technology and safe work environments are the core of SSAB's production.

TRANSPORTATION
SSAB's business is dependent on efficient transportation throughout all the stages of the value chain. SSAB focuses on minimizing our environmental footprint through timely transportation and minimized fuel consumption.

RECYCLING
Steel is a unique material that retains its properties no matter how many times it is recycled. Using recycled steel in steel production increases material efficiency and reduces CO_2 emissions.

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

SALES
SSAB has an extensive global sales network, which enables close collaboration with customers.

OUTPUTS

Strong, long-term customer relationships

PRODUCTS AND SOLUTIONS
- High-strength and abrasion-resistant steels
- Other high-quality strip and plate products
- Tubular products
- Construction products and solutions

SERVICES
- SSAB Shape steel processing services
- Hardox Wear services
- Technical support
- Innovation support
- Complementary products
- Customer partnership

BY-PRODUCTS
- Residuals for recirculation in own production
- Scrap metal for recycling
- By-products for external use
- Electricity and heat used internally and sold externally

EMISSIONS AND WASTE
- Emissions into the air
- Effluent discharge into waterways
- Waste

IMPACTS

ECONOMIC VALUE CREATED AND DISTRIBUTED TO STAKEHOLDERS
- Payments to suppliers of raw materials, goods and services
- Employee wages and benefits
- Dividends, interest payments and financial expenses
- Taxes to the public sector
- Donations and sponsored local activities

SUSTAINABLE OFFERING
- Innovative, sustainable steel applications, including SSAB EcoUpgraded and SSAB EcoSmart initiatives
- Customers' improved competitiveness
- Reduced impact on the environment through higher penetration rate of high-strength steels globally; end products from less raw materials, with lower weight and fuel consumption, increased load capacity and longer lifespans
- Environmentally leading color-coated products
- Improved energy efficiency in buildings

SUSTAINABLE OPERATIONS
- A safe and secure work environment for SSAB's employees and contractors
- Conserving natural resources and reducing CO_2 emissions by utilizing residuals and recycled steel as raw materials
- Improved energy efficiency through energy recovery and systematic energy management

RESPONSIBLE PARTNER
- Responsible business practices throughout the supply chain
- Creation of local employment through own operations and local sourcing
- Long-term contracts and relationships with suppliers
- Local sponsorships and internships

CEO'S REVIEW

I am convinced that we will continue to strengthen our position during 2017.

2016 was a successful year for SSAB. We completed the integration of SSAB and Rautaruukki. Profitability improved from the previous year as a result of the synergy and cost reduction program, and our competitive and innovative offerings. SSAB also strengthened its financial position through a SEK 5 billion rights issue and an extensive refinancing package. With the actions taken, we have created a stronger competitive platform to achieve our "Taking the Lead" strategy, aiming for growth and industry leading profitability.

EUROPEAN MARKET STABLE, SIGNS OF IMPROVEMENT IN NORTH AMERICA

Demand and prices in the North American market were sluggish during the year, impacted by relatively high import volumes. Even though realized prices decreased during the last quarter, market prices started to increase and the demand trend improved. Some support came from the preliminary anti-dumping duties announced in November, as well as from plans to increase infrastructure spending. Demand in Europe was relatively stable and prices were on an increasing trend throughout the year. Provisional import duties on Chinese steel material imposed by the European Commission in early October supported price levels in Europe.

PROFITABILITY IMPROVEMENT AND STRONGER BALANCE SHEET

SSAB posted a full-year operating profit of SEK 1,213 million, up by SEK 1,456 million compared with 2015. Improved earnings were driven primarily by the cost reduction program, including synergies from the acquisition of Rautaruukki. Cost reductions were achieved faster than planned and amount to a full annual run rate of SEK 3 billion. Higher volumes and better capacity utilization also contributed to improved earnings for the year. Our strategic growth initiatives in SSAB Special Steels and the automotive segment resulted in increased volumes and we continued launching new products at a high pace.

SSAB aims to reduce net debt by SEK 10 billion between the start of the first quarter of 2016 and the end of 2017. The rights issue during the second quarter of 2016 raised SEK 4.9 billion net and the net cash flow during the second, third and fourth quarters amounted to approximately SEK 2.2 billion. The remaining amount will be achieved through cash flow generated from operations, a structural reduction in working capital, and through possible divestment of non-core assets.

OBJECTIVE OF ZERO INJURIES

Our important work to improve safety continues. During 2016, we increased our attention toward preventive actions and worked to reduce safety risks in all of our operations. Despite all efforts, regrettably, a fatal accident occurred at SSAB's site in Luleå, where one employee tragically died. In addition to continuous safety management procedures, we have undertaken many additional actions to prevent incidents since the fatal accident in Luleå. In 2016, the number of injuries increased slightly from the previous year, which was not according to our goal. However, our objective of zero injuries is clear, and I am confident that we will see improvements in the coming years.

SUSTAINABLE INNOVATIONS TO REDUCE EMISSIONS

In 2016, we took a number of measures that support our vision and promote sustainable development. Our steelmaking processes are clearly among the most carbon dioxide efficient in the world. However, in order to find a long-term solution to the carbon dioxide problem, we need a technological transformation. That's why we in April, together with LKAB and Vattenfall, launched an industrial development project, HYBRIT, which is working toward developing a breakthrough hydrogen-based, carbon dioxide free iron making process. The project will also mean a major contribution toward creating a fossil-free Sweden.

SSAB's products are our most significant contribution to reducing carbon dioxide emissions. The benefits of upgrading to high-strength steels include reduced weight, improved fuel economy and extended product lifetime. In 2016, we launched the SSAB EcoUpgraded concept to enable our customers to display the benefits of using our high-strength steels to minimize carbon footprint during the use phase of their applications.

HIGH PACE IN PRODUCT LAUNCHES AND NETWORK EXPANSION

In 2016, we continued strengthening our product and service offering. To support our growth strategy in the automotive segment, we introduced several new products, e.g., hot-rolled grades for automotive chassis, Docol HR 800 and 1000, and electrogalvanized ultra-high strength steel for automotive safety parts, Docol 1500 MZE. We also launched five new SSAB product families, developed in response to specific customer needs: SSAB Domex, SSAB Boron, SSAB Form, SSAB Laser Plus and SSAB Weathering, as well as new branded products like Hardox HiTemp and Strenx 1100 MC.

During the year, we strengthened the "Hardox In My Body" and "My Inner Strenx" programs and signed contracts with more than 100 new companies. To further improve our global services, we grew the Hardox Wearparts network, by 90 new partners and increased local presence by establishing new stocks in emerging and established markets.

COMMITMENT TO UN'S SUSTAINABLE DEVELOPMENT GOALS AND GLOBAL COMPACT

In 2016, SSAB joined the Swedish Leadership for Sustainable Development network, as part of which we are committed to contributing to the achievement of the UN's goals for sustainable development (SDGs). SSAB has been a signatory to the UN's Global Compact for a number of years. This clarifies our responsibility with regard to the environment, people and communities that are affected by our operations. This report is a part of our communication on how our operations are aligned with Global Compact principles. We will continue to support the principles with regard to the environment, human rights, employee conditions and anti-corruption, and work to further integrate these into our operations, culture and value chain.

STRONGER COMPETITIVE PLATFORM GOING FORWARD

Completion of the integration between SSAB and Rautaruukki, as well as the cost reduction program, have resulted in savings of more than SEK 3 billion and a reduction of more than 2,500 employees. Together with our improved financial position, we have created a platform to continue to execute our "Taking the Lead" strategy with the goal to reach industry-leading profitability. We will do this by continuing to drive efficiency through continuous improvement in all our operations, by driving growth within chosen initiatives and by increased focus on the after-market. Against this background, I am convinced that we will continue to strengthen our position during 2017.

I would like to thank our shareholders for your confidence in our future development by participating in the rights issue, our customers for your trust in our products and close partnership, and all SSAB employees for your contribution during the year and commitment toward reaching our goal of industry-leading profitability.

Martin Lindqvist, President and CEO

OPERATING CONTEXT

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

SSAB'S MARKETS

Steel is produced and traded globally, and the market consists of a number of segments. This leads to a great number of products with separate areas of use, different forces driving demand and large differences in price levels.

The steel market is most prominently comprised of what are known as carbon steels, i.e., steels with a particular carbon content. These steels contain lower percentages of usually occurring alloying materials, which influences the steels' properties. Stainless steel, on the other hand, is an example of high alloy steel containing high concentrations of chrome and nickel. SSAB manufactures only carbon steels, but relative to its industry, has an advanced alloy mix, which along with special production processes provides advanced properties for steels.

The size of the global carbon steel market is approximately 1.5 billion tonnes. China is the largest regional market with a share of ~45%. Europe and NAFTA each account for 10% of global steel demand. Global demand is growing slowly because China is entering into a new, less steel intense phase of growth. Steel trade accounts for one third of global steel demand. China is the largest exporter and the EU is the largest importer.

The carbon steel market can be further divided into long and flat steel products with differing areas of use. Long products are used primarily within the construction industry, for example, beams, reinforcement steel and bars. Flat products are used in a wide range of industries such as automotive, domestic appliances, energy, heavy transportation and construction machinery. In mature markets such as Europe, the proportion of flat steel products is larger than long steel products because high urbanization rates have caused the construction market to reach a more mature phase. SSAB operates mainly in flat carbon products that can be further divided into plate and strip products based on end-product thickness and manufacturing method.

SSAB'S STEEL MARKET POSITION

With annual steel production capacity of approximately 8.8 million tonnes, SSAB is a small player in the global carbon steel market. This is why SSAB specializes and focuses on three defined segments within flat carbon steels, where we have strong market positions:

I High-strength steels, including Quenched & Tempered (Q&T) and Advanced High-Strength Steel (AHSS) products;

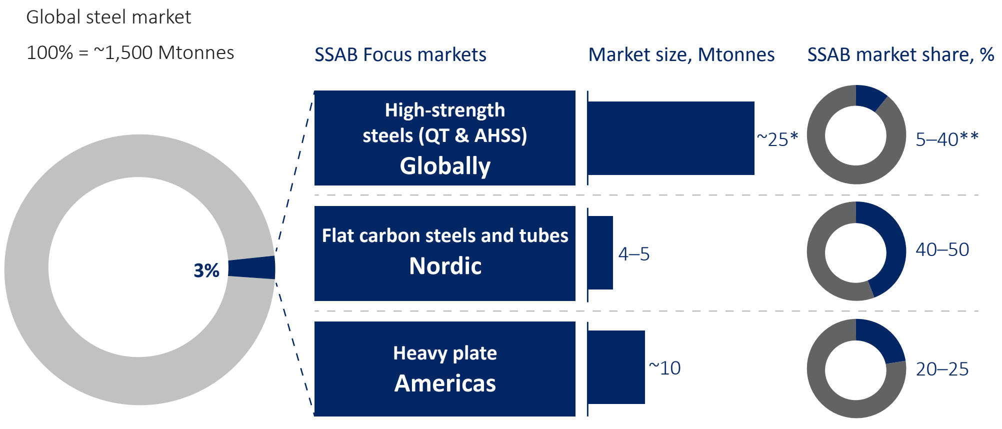
II Nordic flat carbon steel and steel tube market; and

III North American heavy plate market

These market segments account for about 3% of the global market for carbon steel. In addition to being a steel producer, SSAB is also a steel and non-ferrous metal distributor via our subsidiary Tibnor and offers steel-based construction solutions through our subsidiary Ruukki Construction.

Customer segments served by SSAB include heavy transport, automotive, material handling (including mining), construction machinery (including lifting), energy, construction, as well as applications for protection steel and tool steel. In our home markets, the Nordic region and North America, standard steels are, to a large extent, sold through steel service centers and distributors.

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



* Q&T steels, strip steels ≥ 700MPa
** Higher share in Q&T in some groups/regions

MARKET DEVELOPMENT IN 2016

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.

GLOBAL MEGATRENDS AND SSAB'S RESPONSE

	IMPLICATIONS	OPPORTUNITIES AND THREATS	SSAB'S RESPONSE
THE WORLD NEEDS STEEL	• Historically, steel consumption has grown in line with GDP • Modern society depends on steel. The strong urbanization trend globally will support the demand growth for steel over the next decades • Steel has a number of unique characteristics, including excellent recyclability, and has few competitive substitutes • In the short- and mid-term, moderate growth is expected since Chinese demand is anticipated to slow and at best remain flat	• Growth opportunities in emerging markets and in certain segments such as transport and construction equipment (required in developing cities) • Slow growth in mature markets • Better access to scrap as collection rates increase in emerging markets	• Leading global position in high-strength steels, and capturing growth in emerging markets • Strong position in segments such as heavy transport and construction machinery – sectors which are activated by urbanization • Leading position in home markets
CHINESE OVERCAPACITY SHAPES INDUSTRY DYNAMICS	• China has overinvested in new capacity, while failing to retire older, obsolete production. This has led to growing overcapacity as demand falls • Standard steel has historically been a regional product – but taking global imbalances into account, trade between regions has increased significantly. European industry associations have advocated fair trade, resulting in import duties on some steel products from certain countries, including China • Unfair competition may reduce the competitiveness of the EU steel industry – more burdens (taxes, CO_2 expenses, etc.) when compared to the situation for imported steel	• Price pressure globally: slowing growth in China forces domestic players to export steel at extremely low prices • Risk of an extended period of low profitability in the industry • Opportunities to differentiate, in terms of quality, lead times and services	• Leading market positions and differentiation through products, services and brands • Flexible production setup in the Nordics – the ability to increase and decrease crude steel capacity with five blast furnaces in the system • Leading cost positions in home markets, with high ambitions for continuous improvements

	IMPLICATIONS	OPPORTUNITIES AND THREATS	SSAB'S RESPONSE
CUSTOMERS NEED STEEL INNOVATIONS	• Speed of innovation – customers need to constantly improve • Productivity – constant pressure across the value chains • Global customers • Heightened expectations in terms of delivery times, order tracking, control over flows, etc.	• Need to improve product performance attributes – constant improvements in qualities and strengths • Competition with other materials, e.g. aluminum • Demand to deliver with short lead times, and an increase in demand for tailored products • Price pressure as customers grow in size	• Constantly improving product performance – special steels like higher yield strength and tougher wear steels • Exerting efforts to help customers in application development – R&D, technical support, Knowledge Service Centers • Developing a unique collaboration model with customers • More sales through SSAB's own stocks and service centers, etc.
SUSTAINABILITY TRENDS WILL TRANSFORM THE INDUSTRY	• Climate change is a fact and urgent measures are required to mitigate it • To decrease emissions, more efficient use of material and energy resources is critical • As an energy-intensive industry, steel has significant environmental impact • New regulatory requirements are coming into force regionally and globally • Customers need to reduce their environmental footprints	• As customers respond to pressures both from the operational expense perspective and the regulatory sphere, they will need new solutions made from recyclable, more durable and stronger materials • Risk of different regulations for different regions – more pressure for steel production to relocate from Europe to other regions with less stringent regulations • Risk that industry does not keep up with external demands on environmental footprints	• Increase the penetration rate of high-strength steels globally – to enable reduced emissions in the product use phase • Educate customers on how to use high-strength steels in more applications, to benefit the environment • Constantly improve environmental performance in production – SSAB is already among the most efficient steel producers in terms of CO_2 emissions • Make sure that as one of the leading steel producers in terms of sustainability, SSAB is treated fairly in new regulations

OUR STRATEGY

SSAB's strategy is driving us to become the industry-leading producer of high-strength steels globally, the market leader in our home markets and a provider of leading value-added services.

TAKING THE LEAD!

SSAB's "Taking the Lead!" strategy, first introduced in 2012, continues to drive the strategic decisions and actions of the company. The strategy has been updated for the coming years with renewed targets and areas of focus to align with the company's future goals and growth potential in each market. SSAB's vision – a stronger, lighter and more sustainable world – paves the way forward.

SSAB'S STRATEGY CENTERS AROUND TWO DIMENSIONS:

1. Where SSAB is heading – core business aspirations
These three elements represent the core business goals for us to be an industry leader in our focus areas in home markets, high-strength steels and value-added services.

2. What makes SSAB stand out – distinguishing capabilities
These elements outline the capabilities we need to focus on in order to differentiate from the competition.

LEADING HOME-MARKET POSITIONS

The Nordic and North American home markets remain the foundation for SSAB's business. SSAB aims to strengthen our home market positions in the coming years.

NORDIC REGION

Priority initiatives for SSAB in the Nordic region:

DEVELOPING THE MULTI-CHANNEL SALES STRATEGY

SSAB will further secure our Nordic home-market leadership by developing all channels to market from the steel mills. These include SSAB's own channels, including the metal distribution company Tibnor, the steel construction company Ruukki Construction, and SSAB's downstream tube business, as well as direct customers and external steel distributors with which the company has long-term agreements.

IMPROVING THE PRODUCT MIX TOWARD PREMIUM PRODUCTS

SSAB aims to strengthen our position both in the Nordic region and in nearby markets by gradually improving our product mix, shifting sales focus to more profitable products and those in which SSAB has special capabilities, while reducing the tail of less profitable volumes.

AMERICAS

Initiatives for maintaining plate market leadership in the Americas:

INCREASING PRESENCE IN LESS PENETRATED GEOGRAPHIC AREAS AND SEGMENTS

After having debottlenecked the mills and increased overall plate-making capacity, SSAB is geared up to grow in coming years with increased industrial activity. Starting from a leading cost position, and offering superior customer service and lead times, SSAB will target geographic segments with unmet needs in North and Central America, as well as engage with new customer segments like those impacted by new infrastructure spending.

DEVELOPING THE SALES MIX TOWARDS NEW PREMIUM OFFERINGS

In standard plate, SSAB will shift the sales focus toward premium products with higher profitability, for instance through new products and quality standards enabled by recently-installed soft reduction technology.

UTILIZING NORDIC IMPORTS AS A COMPLEMENT TO EXISTING PRODUCT OFFERINGS

The Nordic strip and plate mills complement the US mills in product grades and formats. With an improving domestic market, SSAB can increase sales in the North American market, either directly toward end customers or by utilizing cut-to-length facilities.

GLOBAL LEADERSHIP IN HIGH-STRENGTH STEELS

SSAB aims for global leadership in Quenched & Tempered Steels (Q&T) and in targeted Advanced High-Strength Steels (AHSS) segments. With leading brands, a unique product offering, expertise and close collaboration with customers in developing new steel applications, SSAB is well positioned to take advantage of opportunities in high-strength steels. The company is well invested in production assets.

SPECIAL STEELS

Market development priorities for achieving growth:

UPGRADING CUSTOMERS AND MARKETS TO HIGH-STRENGTH STEELS

SSAB aims for global leadership and works directly with end customers globally to adopt high-strength steels in their designs. SSAB can accelerate adoption rates by leveraging best practices and case examples from one region to another. Structured sales training and targeted marketing are key elements for success. Fundamental trends in energy efficiency, lightweighting and safety will continue to boost growth of special steels coming years.

CONTINUED INNOVATION AND R&D IN PRODUCTS AND APPLICATIONS

SSAB has historically brought to market innovations in customer applications, products and steel making processes. Research and development continues to be a high priority for SSAB going forward.

INCREASING PRESENCE AND PENETRATION IN NEW MARKETS

SSAB will focus on emerging markets, where the penetration of high-strength steels is still low and growth potential is high as customers upgrade their steel usage from standard to high-strength steels. These markets include Africa, the Middle East, Latin America and Asia.

GROWING BOTH STRATEGIC HIGH-END PRODUCTS AND MID-MARKET OFFERINGS

SSAB aims to grow the very high-end products, where SSAB is well positioned with a number of unique offerings in the market. Equally important is growing more common mid-market offerings. The latter can be facilitated by use of multiple brands and partner channels.

AUTOMOTIVE AHSS STEELS

Continue to develop as a leader in a growing segment

PRODUCT AND MARKET DEVELOPMENT

SSAB serves the world's leading automotive companies. SSAB will grow with new and existing customers as new markets open up and automotive fleets modernize. Short term, SSAB will expand the product range by developing new products based on existing capabilities. Longer term, SSAB is active in the development of next-generation automotive steels.

GROW IN EXISTING AND NEW APPLICATIONS

SSAB has a leading position in specific safety details related to the automotive sector. This market is expected to grow in the coming years due to continuing trends in safety standards, and in lightweighting, to meet fuel efficiency standards. In addition, SSAB aims to expand sales in new applications outside existing focus areas.

LEADING VALUE-ADDED SERVICES

Value-added services represent an important area for SSAB's long-term development, as they are an additional way the company can stand out in the competitive steel markets. Value-added services act as additional components to the strategic ambitions outlined above, supporting and enhancing SSAB's activities in our home markets and high-strength steel initiatives.

SERVICES

Develop a new business leg of SSAB

EXPANDING WEAR SERVICES AND THE HARDOX WEARPARTS NETWORK

SSAB Services sells Hardox-branded wear plate to the Hardox Wearparts Network, which comprises around 265 member companies globally. These centers provide replacement parts and services to end customers in mining, recycling, quarrying, cement and agriculture. SSAB aims to have at least 500 companies in the network by the end of 2018.

EXPANDING SSAB SHAPE SERVICES IN SELECTED MARKETS

SSAB holds similar ambitions for SSAB Shape, which offers steel-processing services for OEMs and their sub-suppliers. As well as representing a step forward for SSAB in our customers' value chain, with potential for joint investments, this initiative also helps to enable the adoption of high-strength steels in selected emerging markets.

DISTRIBUTION

Serve the fragmented market with short lead times

GROWING STOCK SALES

SSAB aims to grow our distribution services business. Unlike many of our competitors, SSAB operates our own global stock network and can serve the end-user market with short lead times. SSAB will grow the share of stock shipments as a way of increasing the value of steel shipments to our customers.

NORDIC DISTRIBUTION

SSAB's fully-owned leading Nordic steel distributor, Tibnor, will expand its presence in all Nordic countries, expand the multi-metal offering, and lead the way in digitalization of the business.

MOST FLEXIBLE OPERATIONS

To outperform peers and achieve industry-leading profitability in the coming years, SSAB will continue to focus on efficiency and flexible operations.

HARVEST COMPLETED COST SAVINGS PROGRAMS

Following the 2014 combination of SSAB and Rautaruukki, a number of cost savings programs were launched. The combined effect will have reduced SSAB's total cost level, compared to the time Rautaruukki was acquired, by SEK 3.0 billion on an annual basis, with full effect from 2017 onward. SSAB will harvest the effects of these programs in coming years.

NEW CONTINUOUS IMPROVEMENT AMBITIONS

Going forward, SSAB will protect our leading cost positions in home markets by increasing our focus on continuous improvements. The aim is to achieve substantial productivity gains every year by involving all employees in improvement programs.

HIGH-PERFORMING ORGANIZATION

To achieve its ambitious strategy targets, SSAB will further develop its high-performing organization.

BE THE WORLD'S SAFEST STEEL COMPANY

Fundamental safety work at all sites should result in SSAB becoming the world's safest steel company in all parts of the company. SSAB already has a leading position in our US-based operations.

IMPLEMENT SSAB ONE AS A MANAGEMENT PHILOSOPHY

SSAB is gradually implementing our management system SSAB One to secure focus on business operations, continuous improvements and realization of strategic targets.

STRENGTHEN PERFORMANCE CULTURE AND EMPLOYEE ENGAGEMENT

Employees and leaders at all levels will align their actions and behaviors to the strategic direction.

SUPERIOR CUSTOMER EXPERIENCE

Part of SSAB's strategy is to go further than anyone else to offer customers a superior customer experience.

LEADING CUSTOMER SATISFACTION SURVEYS

SSAB strives for the highest standards on "the basics" in order to protect our position as the preferred supplier, measured through customer surveys. This includes, for instance, responsive sales processes, consistently high product quality, on time delivery reliability and more.

BUILD TRUE PARTNERSHIPS

To remain at the forefront, SSAB will continue to invest in technical support and joint innovation initiatives to help customers to get the best out of SSAB's high-strength steels. Combined with leading brands and customer brand programs like "Hardox In My Body" and "My Inner Strenx," SSAB can further strengthen customer partnerships.

SSAB's three distinguishing capabilities are described in more detail in other sections of this Annual report Business review, under the headings "Sustainable operations," "High-performing organization" and "Sustainable offering."

KEY ACHIEVEMENTS IN 2016

CREATING ONE COMPANY

2016 showcased the successful integration of SSAB and Rautaruukki into a unified company, one SSAB. We managed to complete the integration process without losing important customers or market shares.

ACHIEVING COST SAVINGS AND STRENGTHENING THE BALANCE SHEET

Integration was a success also financially. The synergies achieved significantly exceeded the original target of SEK 1.0-1.35 billion and were also realized one year earlier than originally planned. SSAB has now reduced the total cost level (including synergies) by SEK 3.0 billion on an annual basis compared to the cost level at the time of the Rautaruukki acquisition.

SSAB also strengthened its balance sheet through a SEK 5 billion rights issue for existing shareholders and aims for a total reduction of SEK 10 billion in net debt by the end of 2017.

INVESTMENTS TO SUPPORT STRATEGIC GROWTH AREAS

SSAB announced investments worth SEK 500 million at the Hämeenlinna and Luleå sites to support the automotive growth strategy, increased production stability and reduced energy consumption. The projects started in late 2016.

NEW, SUSTAINABLE INNOVATIONS

In April, SSAB, LKAB and Vattenfall jointly announced a long-term breakthrough emissions reduction project (HYBRIT), which is working toward a hydrogen-based steelmaking process that emits water rather than carbon dioxide.

SSAB EcoUpgraded was launched in November. It is helping customers reap the environmental rewards of using high-strength steel. SSAB EcoUpgraded highlights the benefits of upgrading to high-strength steel, which include reduced weight, improved fuel economy and extended product lifetime. SSAB Americas launched the EcoSmart concept to promote the 100% recycled content and sustainability of our steel plates produced in the USA.

During the year, SSAB also finalized an R&D project that explores the concept of SSAB SmartSteel, a digital platform that enables steel to be loaded with digital information.

NEW PRODUCTS LAUNCHED AND PROGRAM MEMBERS APPOINTED

SSAB introduced five new product families with optimized offers based on meeting the specific needs of our customers, tailoring to production processes, and maximizing end-product performance: SSAB Domex, SSAB Boron, SSAB Form, SSAB Laser® Plus and SSAB Weathering. SSAB also launched Docol automotive and several other new or improved products such as Hardox HiTemp and Duroxite. During the year, we also appointed many new members to our “Hardox In My Body” and “My Inner Strenx” programs.

CLEAR FOCUS ON CONTINUOUS IMPROVEMENTS AND SPECIFIC GROWTH AREAS

Going forward, we will continue to implement our “Taking the Lead!” strategy with the goal to reach industry-leading profitability through growth within certain prioritized strategic initiatives and by driving efficiency through continuous improvement in all our operations.

FINANCIAL TARGETS

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

SSAB has three financial targets within three different areas.

AREA	OBJECTIVE
Profitability	SSAB aims for an industry-leading profitability measured as EBITDA margin among comparable peers*.
Capital structure	The Group's operations are cyclical. The objective is a long-term net debt/equity ratio of 30%.
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.

* AK Steel, Dillinger, Nucor, Salzgitter, Steel Dynamics, Tata Steel Europe, ThyssenKrupp, US Steel

SUSTAINABILITY STRATEGY

SSAB's sustainability strategy supports the overall SSAB strategy. SSAB's objective is to become one of the world's most sustainable steel companies. Managing business in a sustainable way will increase the possibilities to deliver strong financial and operational results. SSAB summarizes our work in sustainability into three focus areas:

SUSTAINABLE OFFERING

SUSTAINABLE OPERATIONS

RESPONSIBLE PARTNER

1 SUSTAINABLE OFFERING

SSAB's sustainable offering is our external value proposition, what we offer our customers and other stakeholders. The core of SSAB's business is to develop and produce advanced high-strength steels and Q&T steels that are stronger than ordinary steels, which in turn helps our customers to produce lighter and stronger products, thus reducing their environmental footprint.

2 SUSTAINABLE OPERATIONS

SSAB focuses on operational efficiency to ensure our operations are as sustainable as possible. SSAB works for continuous improvements to minimize emissions, aiming for material and energy efficiency, while at the same time providing our employees a safe and secure workplace with opportunities for individual, professional growth.

3 RESPONSIBLE PARTNER

Contributing to the communities in which SSAB operates is an integral part of the way we do business. Acting as a responsible partner refers to how we manage risks and take responsibility for business ethics and our supply chain.

SUSTAINABILITY TARGETS

At the end of 2019, SSAB will have achieved the following environmental and energy targets*:

A LASTING REDUCTION OF 200,000 TONNES IN CO_2 EMISSIONS

- Equals 2.1% of SSAB's total CO_2 emissions
- The target corresponds roughly to 100,000 cars each driving 15,000 km
- Reduction efforts focused mainly on ore-based iron and steel production since this accounts for 90% of SSAB's total CO_2 emissions

A LASTING REDUCTION OF 300 GWH IN PURCHASED ENERGY (ELECTRICITY AND FUELS)

- Equals approximately 3.5% of SSAB's total amount of purchased energy
- The target level corresponds roughly to the energy used by 15,000 households for electricity, hot water and heat during one year

A LASTING IMPROVEMENT OF 30,000 TONNES IN RESIDUAL UTILIZATION

- Equals approximately 12% of the total amount of material currently sent to landfill
- The target roughly corresponds to a normal soccer field filled with 3 meters of residuals
- The target will be achieved through improved internal recirculation of materials to SSAB steel production and external sales of by-products

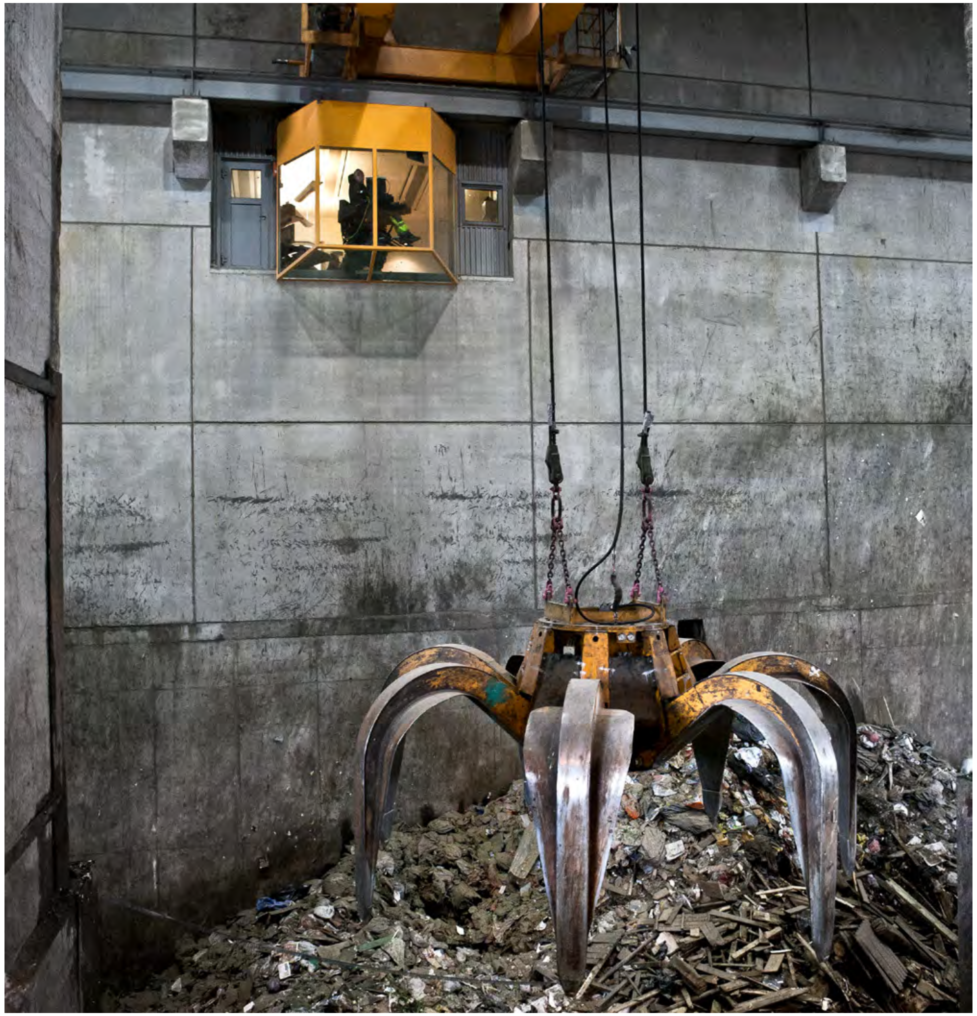
* The base year for monitoring the targets referred to above is 2014

Annually, SSAB will have achieved the following social responsibility targets:

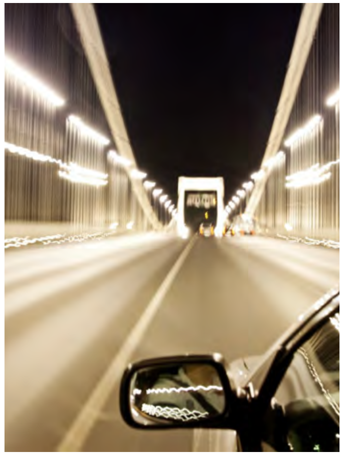
- Annual performance dialogs between managers and all employees
- Compliance with SSAB's Code of Conduct and behavior in accordance with the company's core values
- Training all employees in business ethics through e-learning by the end of 2016
- Completion of a self-assessment questionnaire regarding their social and environmental conditions for all suppliers registered in SSAB's purchasing system as medium- or high-risk
- Reaching an employee engagement score that exceeds the global average (This is measured every other year, and the next time will be in 2017)

By the end of 2019, SSAB will have achieved the following gender diversity target:

Women holding 30% of the top management positions in the company by the end of 2019 (up from 23% in 2015)



OUR BUSINESSES




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

SSAB SPECIAL STEELS

Per Olof Stark (1954), EVP
Head of SSAB Special Steels

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

2,800 Employees

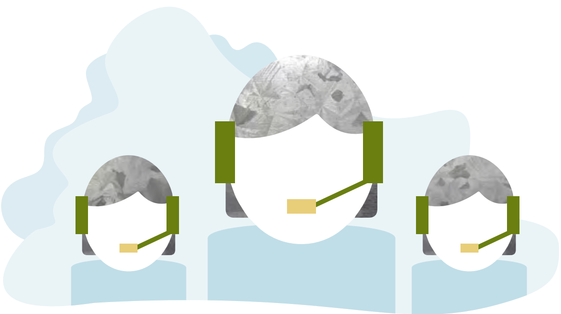
12,582 MILLION SEK
Sales in 2016

1.0 MILLION TONNES
Steel shipments 2016

21% Share of SSAB Group's total sales

28% Share of SSAB Group's total EBITDA

Close collaboration and joint projects with customers

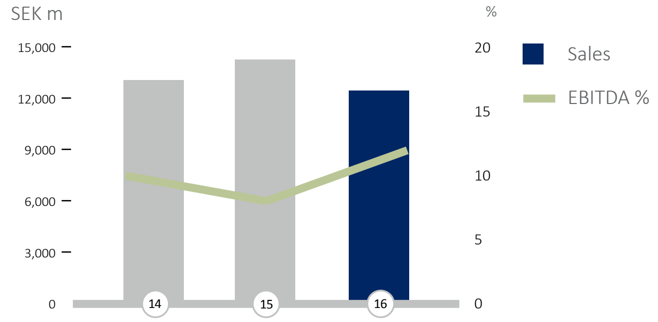


Highly-respected product brands

HARDOX® WEAR PLATE

STRENX™ PERFORMANCE STEEL

SSAB Special Steels
Net sales and EBITDA margin[1) 2)]



[1)] Excluding items affecting comparability
[2)] Figures for 2014 are pro forma, as if SSAB had owned Rautaruukki during the year

SSAB Special Steels has global responsibility for the marketing and sales of high-strength steels, including all SSAB's Quenched & Tempered Steels (Q&T) and hot-rolled Advanced High-Strength Steels (AHSS) with yield strengths from 700 MPa and above. This steel can be further divided into structural high-strength steels, wear-resistant steels, protection steels and tool steels. All SSAB high-strength steels enable customers to build lighter, stronger and more durable products.

SSAB Special Steels has a broad service offering including local stocks, technical customer support, engineering and processing services.

SSAB Special Steels is responsible for steel production in Oxelösund (Sweden) with an annual production capacity of 1.5 million tonnes, as well as for the sales of the above products made in Mobile, Alabama (USA), Raahe (Finland) and Borlänge (Sweden).

CUSTOMERS AND END-USERS

The division's customers can be found in both the end-user and machine construction sectors in branches such as materials handling, heavy transport and all forms of lifting. A shared goal is to make lighter, stronger and more durable products that create value by higher payloads or a longer service life.

SSAB Special Steels has one of the widest product and service portfolios in the market, combined with deep knowledge of steel properties and performance. Close contact with end-users enables SSAB Special Steels to work together with equipment manufacturers to create added value by the development of new products.

Examples of end applications for special steels:

HIGH-STRENGTH STRUCTURAL STEELS:
- Mobile cranes (booms, chassis and support legs)
- Truck-mounted cranes
- Aerial work platforms
- Chassis for trailers and trucks
- Agricultural machinery
- Offshore (selected components such as jack-up rigs)

WEAR STEELS:
- Dumper bodies for both off-road and on-road use
- Buckets
- Containers
- Stationary mining equipment such as crushers
- Recycling equipment
- Wear parts for all kinds of machinery that manages material flows of some kind

PROTECTION STEELS:
- Vehicles for the safe transportation of people and valuables
- Protection for buildings and counters

TOOL STEELS:
- Molds
- Tool holders
- Axles

SSAB Special Steels' main customer segments and applications
- Heavy transport: Bodies and trailers
- Construction machinery: Dumpers, loaders and cranes
- Material handling: Crushers, buckets and transportation
- Agricultural and forest machines: Cranes, grabs and soil cultivation equipment
- Workshops for the manufacture of spare parts

PRODUCTS AND SERVICES

Products:

- **Hardox** is the leading brand of wear steels. It offers a unique combination of hardness and toughness, which in turn enables lighter, more durable structures for increased payload and longer service life
- **Strenx** is SSAB's high-strength structural steel product brand. Yield strengths range from 600 MPa to 1300 MPa. Its high strength combined with good impact strength and forming properties enables strong, lighter structures for increased payloads
- **Raex** is a distributor brand for wear steel designed to meet standard demands on the market
- **Toolox** is a prehardened tool steel available as plate and bars, with very good machinability
- **Armox** and **Ramor** are protection plate with properties designed especially for the protection of life and property

Services:

SSAB Services is a business unit set up to increase the focus on service to machine builders and the after-market business. SSAB Services consists of the Hardox Wearparts and SSAB Shape concepts, and is reported as part of SSAB Special Steels.

- **Hardox Wearparts** is a network of companies for the production of wear parts and provision of services. The network is represented across over 70 countries and consists of approximately 265 companies, 16 of which SSAB has an ownership interest in. Hardox Wearparts provide spare parts and advice to the local aftermarket in, for example, the mining, quarrying, infrastructure, construction and recycling sectors
- **SSAB Shape** combines our premium steel products with engineering and processing services offered through SSAB's own Shape centers and an independent worldwide network of plate processing suppliers

- **Stock sales** from our own stocks is how SSAB ensures good availability of plate as required and where it is actually used
- **Technical support** empowers customers to develop their activities and products to become even more competitive.

The provision of broad technical generalists and highly-experienced specialists makes technical support one of the cornerstones of SSAB Special Steels' approach to growing the market for high-strength steel.

GENERAL MARKET CONDITIONS AND DEMAND

SSAB Special Steels has operated in a tough market environment as many industries such as the mining sector and the market for construction machinery have been stagnant or in decline. Heavy transportation has been one of the best developing segments over the past year.

Customer demand for lighter and more sustainable products is driving development toward increased use of high-strength steels. SSAB steels offer the possibility to build lighter products with a longer lifecycle in a way that reduces component wear and lowers fuel consumption, increases lifting performance and enables higher payloads. Market share of high-strength steels is increasing in all markets, although the penetration rate in emerging markets is considerably lower than in mature markets.

MARKET AREAS AND MARKET SHARE

SSAB Special Steels

- Is represented in most of the global market. Market shares vary greatly depending on products and geography. The highest market share is in Q&T steels
- Has a strong market position in main customer segments such as construction machinery, heavy transport and the aftermarket business
- Focuses on growing the total high-strength steel market through continuous work on upgrading
- Has about 50% of sales in Europe and almost 20% in North America
- Considers Latin America, Africa and Asia important regions for future growth

STRENGTHS

SSAB Special Steels is a leading developer and manufacturer of wear, structural, protection and tool steels.

- World's widest product portfolio
- Close collaboration and joint projects with customers result in more highly paced development and increased competitiveness
- Well-known and highly-respected product brands
- Long-standing customer relations
- Competitive lead-times and service on a global scale
- Steel service centers and own stocks in approximately 160 locations in more than 50 countries worldwide
- A unique combination of expertise regarding the development of steels, design and know-how regarding applications

STRATEGY

SSAB Special Steels aims to be the global leader in wear, structural, protection and tool steels, as well as in related value-added services.

Strategic priorities:

- Focus on safety in all parts of the division
- Maintain position as innovation leader with unique product and service portfolio
- Expand the downstream processing service portfolio with Hardox Wearparts and SSAB Shape
- Work closely with potential and existing customers to upgrade to high-strength steels
- Accelerate growth by upgrading in new segments and new markets

COMPETITORS

International steel product manufacturers such as Dillinger Hütte, NLMK Clabecq, Voestalpine, ArcelorMittal, ThyssenKrupp, Tata Steel Europe, JFE and Nucor.

2016 IN BRIEF

- Completed synergy and cost reduction programs and restructured organization to better support customers
- Increased focus on safety through various training initiatives
- Began rolling out new, more efficient order system
- Launched Hardox HiTemp, intended for use in abrasive environments at elevated temperatures
- Launched Strenx 1100 MC to further broaden the Strenx program in the lighter gauge area
- Launched EcoUpgraded concept to enable customers to display the benefits of using high-strength steels to minimize carbon dioxide footprint
- Began project for carbon free internal transportation in Oxelösund
- Grew Hardox Wearparts network, with 90 new companies joining the program
- Strengthened "Hardox In My Body" and "My Inner Strenx" programs and signed contracts with more than 100 new companies
- Increased local presence by establishing new stocks on emerging and established markets

SSAB EUROPE

Olavi Huhtala (1962), EVP
Head of SSAB Europe

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

6,900 Employees

25,831 MILLION SEK
Sales in 2016

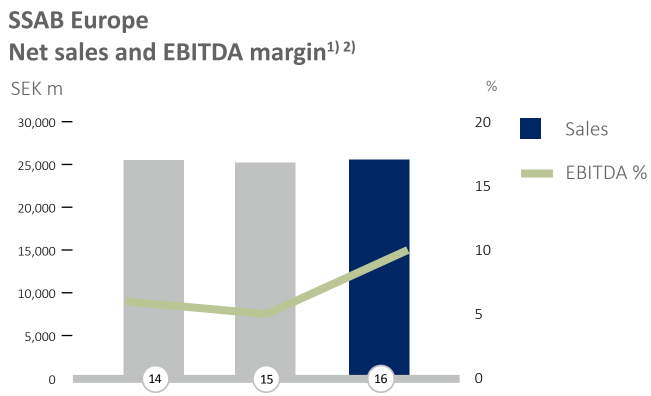
3.7 MILLION TONNES
Steel shipments 2016

39%
Share of SSAB Group's total sales

48%
Share of SSAB Group's total EBITDA

Growth in automotive segment and in other premium products

Market leader in the Nordic countries



1) Excluding items affecting comparability
2) Figures for 2014 are pro forma, as if SSAB had owned Rautaruukki during the year

SSAB Europe is a leading producer of high-quality steel strip, plate and tube products. SSAB Europe's processing centers tailor products to customer needs. A focus on working closely with customers and understanding their needs, together with our know-how of high-strength steel production and use, combined with the value-added services our customers need, makes SSAB Europe stand out from other steelmakers.

SSAB Europe's focus is on the home market in the Nordic region, as well as on selective growth areas in continental Europe and internationally. SSAB Europe's main production sites are located in Raahe and Hämeenlinna (Finland), and in Luleå and Borlänge (Sweden). Production is based on integrated blast furnace processes. SSAB Europe's steel mills have an annual production capacity of 4.9 million tonnes.

Other production sites include the color-coating lines in Finspång (Sweden) and Kankaanpää (Finland). The division also has tube production in Hämeenlinna, Lappohja, Oulainen, Pulkkila and Toijala (Finland) and in Virsbo (Sweden), as well as processing sites in the Netherlands, Norway, Russia, Poland, Sweden and the UK.

CUSTOMERS AND END-USERS

SSAB Europe's broad product portfolio allows the division to serve customers in diverse segments and in a wide range of applications.

SSAB Europe sells products both directly to end customers and to service centers and wholesalers. Some of the products for the Nordic and Baltic markets are also supplied via Tibnor.

SSAB Europe's main customer segments:

- Construction & infrastructure
- Automotive
- Industrial applications
- Heavy transportation
- Energy
- Construction machinery
- Service centers

SSAB Europe supplies different steel grades to major OEMs in the heavy and commercial vehicle sector. Like manufacturers of passenger vehicles, these manufacturers are seeking the benefits of lightweighting and more efficient fuel consumption. The division sells its products also to major agricultural machinery makers. Heavy plates are used extensively in the Nordic markets and within Europe in the energy sectors, while color-coated materials are used primarily by manufacturers of steel roofing and rainwater systems, particularly in the Nordic and Eastern European markets.

PRODUCTS AND SERVICES

SSAB Europe has a broad product offering through internationally well-known product brands. Yield strength classes of hot-rolled products reach up to 700 MPa. (Steel grades exceeding this strength level in hot-rolled products come under SSAB Special Steels' product offering.) Cold-rolled and galvanized products are available in tensile strengths ranging from 200 to 1,700 MPa. SSAB Europe's product offering also includes customized products for diverse uses from mild deep drawing steel to ultra-high-strength steel for dual applications. In addition, SSAB Europe can provide leading color-coated products

designed for specific needs based on many different coating systems and various specially developed base steel grades.

The full range of products includes the following:

- Hot-rolled plate products
- Hot-rolled strip products
- Cold-rolled strip products
- Metal-coated strip products
- Color-coated strip products
- Tubes and sections
- Infra products

SSAB Europe's setup enables high availability, short delivery times, advanced logistics services with high delivery accuracy and a high degree of flexibility to meet customer needs, particularly in the Nordic region. Customers can also obtain steels in the formats that best meet their needs. SSAB Europe's service offering also includes technical advice and workshop support, training and more.

GENERAL MARKET CONDITIONS AND DEMAND

Steel demand in Europe has been at historically weak levels during the past few years, but modest growth is expected in the years to come. The European economy is generally reasonably strong, but uncertainty is high and there are several risks. There are large regional differences and attractive growth potential for SSAB Europe's products and services in a number of geographical areas and segments. Development within the automotive sector in particular presents interesting growth potential.

The European steel industry continues to suffer from excess capacity and also imports from producers in other parts of the world. The European steel industry is characterized generally by tough competition, with a margin squeeze when comparing raw material prices with steel prices on the market. However, the squeeze on prices varies from one product to the next and is also impacted at times by anti-dumping measures.

MARKET AREAS

- In the Nordic region, SSAB Europe is a market leader with a complete portfolio of high-quality steel products
- SSAB Europe has a leading position within selected Advanced High-Strength Steel (AHSS) applications for the automotive industry
- In Russia, a market presence has been built up in recent years
- In color-coated products, SSAB Europe has leading products and a strong product brand - GreenCoat
- SSAB Europe has an extensive portfolio of high-quality tube products developed by the company's own product development team
- Nordic countries account for about 50% of sales, rest of Europe about 40% and rest of the world about 10%

Historically strong in Western Europe, SSAB Europe is now seeing increasing opportunities to develop sales activities in Eastern Europe.

SSAB Europe's many important market segments indicate the extent of the company's customer offering: the automotive industry, heavy transportation, lifting, yellow goods/ construction machinery, offshore, agriculture, the construction industry and energy.

SSAB Europe is the only steel tube manufacturer in the Nordic countries with an extensive selection of tube products and sections to meet the needs of the construction, automotive and manufacturing industries.

STRATEGY

The Nordic region home market is a core part of SSAB Europe's strategy and the ambition is to continue developing the market, including the value-added offering, while maintaining our position as the most reliable supplier and customer's first choice.

Other important strategic focus areas are to continue growing the Advanced High-Strength Steel (AHSS) business for the automotive industry globally, focusing on selected areas of application, and to grow the more unique steel products in a number of different segments.

The merger of SSAB and Rautaruukki has created a more competitive and flexible production system by successfully leveraging major synergies and achieving better utilization of production assets. The combination has also

enabled an optimized product portfolio based on the best products from both companies.

Continued improvements in efficiency and productivity are also an important part of SSAB Europe's strategy and are primarily being driven by continuous improvements across the organization.

Throughout Europe, the focus is on supplying value-added material to customers in all markets, pursuing a strategy of selective growth rather than commodity sales.

Strategic priorities:

- Focus on working safely throughout the division
- Secure and develop the Nordic home market
- Grow advanced high-strength steel in the automotive industry
- Grow more unique products in selected categories and markets
- Realize improvements in efficiency and productivity, together with improved quality and delivery accuracy through continuous improvements

STRENGTHS

- Market leader in the Nordic countries
- Close collaboration with customers to create a superior customer experience
- Broad product portfolio with unique and strong product brands
- Strong, growing customer base in Europe
- Leading technology and materials expertise
- Flexible production capacity
- Steel products tailored to customer-specific needs
- Strong partner and distribution network

COMPETITORS

SSAB Europe's main competitors include ArcelorMittal, Dillinger, Salzgitter, ThyssenKrupp, Tata Steel Europe, US Steel and Voestalpine.

2016 IN BRIEF

- Completed synergy and cost reduction program with results that exceeded targets
- Showed positive development in safety performance
- Launched five new SSAB product families, developed in response to specific customer needs
- Introduced several new products, e.g., hot-rolled grades for automotive chassis, Docol HR 800 and 1000, electrogalvanized ultra-high-strength steel for automotive safety parts, Docol 1500 MZE and ultra-high-strength structural strip steel, Strenx 1100 MC
- Restructured the division to better support strategy execution
- Made decision to invest more than SEK 500 million in Nordic operations in Hämeenlinna and Luleå to support the automotive growth strategy, increase production stability and reduce energy consumption
- Honored by Adient (formerly part of Johnson Controls) with Platinum Award for supplier performance

SSAB AMERICAS

Charles Schmitt (1959), EVP
Head of SSAB Americas

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

1,200 Employees

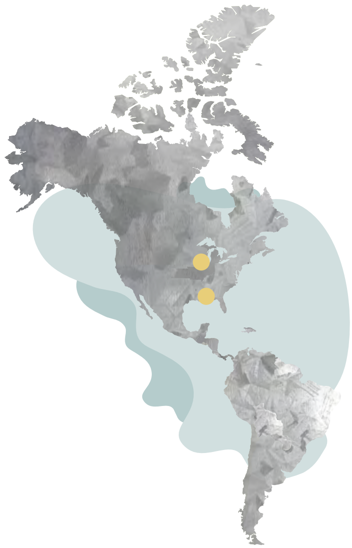
10,639 MILLION SEK
Sales in 2016

1.9 MILLION TONNES
Steel shipments 2016

19% Share of SSAB Group's total sales

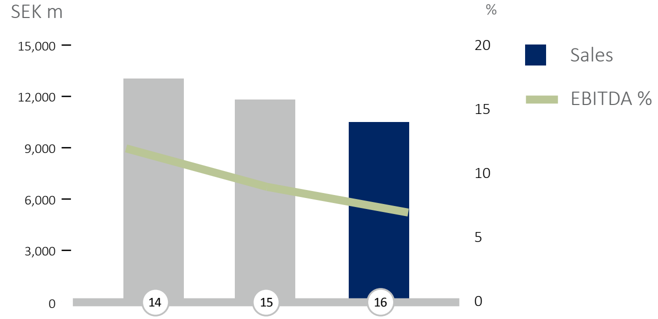
14% Share of SSAB Group's total EBITDA

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



Nearly 100% scrap-based production

SSAB Americas
Net sales and EBITDA margin[1) 2)]



1) Excluding items affecting comparability
2) Figures for 2014 are pro forma, as if SSAB had owned Rautaruukki during the year

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

SSAB Americas' modern steel mills are located in Mobile, Alabama and Montpelier, Iowa and have a combined annual production capacity of 2.4 million tonnes. Both mills utilize a scrap-based, electric arc furnace method to produce steel. The mills are strategically located to cover the industrial heartland in North America, with access to the strategic port systems, intercoastal waterways and major railways provide logistical advantages.

SSAB Iowa has a modern, world-class research and development facility adjacent to the steel mill. It contains some of the most cutting-edge testing, simulation and metallographic equipment in the world.

SSAB Alabama has one of the world's most advanced quenching and tempering (Q&T) lines with a capacity to produce 300,000 tonnes of Q&T heavy plate a year.

In addition to the two steel mills, SSAB Americas has three cut-to-length facilities located in Houston, Texas; St. Paul, Minnesota; and Toronto, Ontario (Canada). With the flexibility to handle both SSAB's steel as well as steel from external suppliers, these locations process coils of various widths, gauges and grades to meet customer-specific requirements with an enhanced service model.

CUSTOMERS AND END-USERS

SSAB Americas manufactures a wide range of quality steel products including advanced high-strength steels that are used in various industries. SSAB Americas sells products both directly to end-customers and to steel service centers.

Main customer segments:

- Energy: Gas, oil, offshore structures, transmission towers, wind turbines and petro-chemical tanks
- Heavy transport: Railway transport, ships and offshore, agriculture, forestry and fishing
- Construction: Lifting, yellow goods, construction machinery
- Infrastructure: Water transmission, storage tanks and bridges
- Service centers: Plate and coil
- Mining: Earthmoving equipment

PRODUCTS

- Heavy plate
  - Plate coils
  - Heat-treated plate
  - Normalized plate
- Quenched and Tempered plate
- Other products
  - Hot-rolled coil
  - Cold-rolled coil
  - Metal-coated products
  - Pre-painted products

GENERAL MARKET CONDITIONS AND DEMAND

The North American market for plate has been challenging as the strong dollar has been a challenge to US industry, imports from Asia have been high, and low oil prices have decreased investment in the energy sector. The US has experienced a record surge of unfairly traded imports severely impacting market share. The outlook is a modest improvement in line with the overall improvement of the US economy. Recovery within the general construction and civil engineering segments is improving employment in the construction sector and increasing equipment utilization rates.

The automotive market is expected to continue to grow at a high level in the coming years, as

will construction, notably infrastructure, as investment dollars are deployed from the passage of the FAST Act. Wind tower and other alternative energy equipment continue to be excellent applications for plate products.

MARKET AREAS AND MARKET SHARE

- SSAB is the largest producer and supplier of heavy plate in North America, with a market share of approximately 20–25%
- SSAB maintains a strong market position in energy and heavy transport customer segments
- US accounts for about 85% of sales, Canada 10% and Latin America 5%

STRENGTHS

- Strong North American production base with an industry-leading quality and cost position
- Two modern production facilities, electric arc furnaces (EAF), which use recycled scrap metal as raw material
- Close partnership with customers to develop unique customized products and solutions

SSAB Americas is also strongly committed to the environment as evidenced by numerous recycling projects:

- Scrap tire recycling program
- Electric arc furnace dust recycling
- Facility recycling/sorting areas
- ISO certifications for quality, environment and safety management (9001, 14001 and 18001)

STRATEGY

SSAB Americas' goal is to maintain the leading position on the heavy plate market and to gradually expand capacity to capture some of the expected market growth. Further investment decisions will be made based on the assessments of long-term supply and demand, and the ability to maintain the leading cost position.

- Focus on working safely throughout the division
- Provide industry-leading customer service levels and e-commerce options
- Strengthen the low-cost leadership position, with continuous improvement processes

COMPETITORS

SSAB Americas' primary competitors are local steel producers, such as Nucor and ArcelorMittal, and imported products.

2016 IN BRIEF

- Earned prestigious supplier awards and certifications from Trinity, John Deere, Komatsu and Caterpillar
- Launched new customer portal, through which customers can access order information, certificates and more through a self-service website, with more than 300 customers already registered
- Launched EcoSmart, a new customer awareness program to demonstrate commitment to environmental sustainability
- Achieved top performance in safety, ending the year well above the industry average in safety performance in terms of both recordables and lost time injuries
- Scored top ratings in quality and e-commerce versus peers based on third-party survey*
- Completed Melt Shop productivity projects at SSAB Alabama to further enhance productivity and efficiency
- Set shipping records in May 2016 at SSAB Iowa, surpassing plate and total shipment records previously set in 2008 and 2011

* Source: Jacobson Report

TIBNOR

Mikael Nyquist (1963), President
Head of Tibnor

Leading Nordic supplier of steel, other metals and processing services

1,100
Employees

6,879 MILLION SEK
Sales in 2016

10,000
Approximately 10,000 customers in the Nordics and Baltics

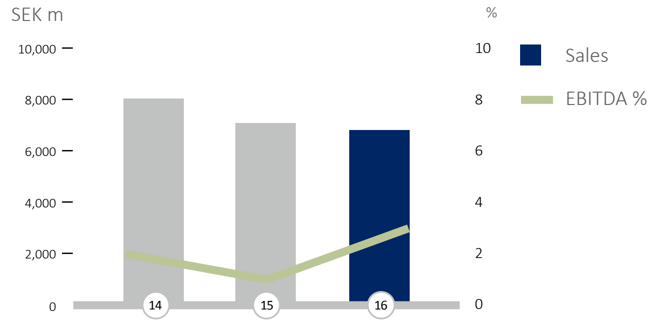
12%
Share of SSAB Group's total sales

4%
Share of SSAB Group's total EBITDA

Logistics expertise and modern customer service solutions

Extensive product range and specialized processing services

Tibnor
Net sales and EBITDA margin[1) 2)]



[1)] Excluding items affecting comparability
[2)] Figures for 2014 are pro forma, as if SSAB had owned Rautaruukki during the year

Tibnor supplies steel and other metals to industry in the Nordics and Baltics. Tibnor offers a complete range of steel, other metals and related processing services in line with different segment and customer needs. Tibnor plays an important role in securing SSAB's leadership on the home market, where distribution channels constitute a major part of the Nordic steel market.

Tibnor has built a strong brand through an extensive product offering and strong focus on value-adding processing services, as well as efficient logistics and customer service solutions. Tibnor's presence and way of working in the Nordics and Baltics is unique and allows more efficient resource balancing between units in different countries.

Tibnor processes the materials - steel and other metals - before delivery to customers. Products delivered to the customer can be used directly without further preparation. Tibnor's machinery and equipment is specialized in different materials, which enables it to meet very complex customer needs. Tibnor has three processing units in Finland, five in Sweden, three in Norway, as well as units in Denmark and Lithuania.

The distribution and processing business accounts for about 85% of sales, with direct mill supplies accounting for the remaining 15%.

CUSTOMERS AND END-USERS

Tibnor's customers are Nordic and Baltic industrial companies, for example manufacturers, OEMs and subcontractors, using steel and other metals in their manufacturing processes and/or end products. Key segments are:

- Subcontracting
- Engineering
- Automotive, including heavy vehicles
- Construction

Tibnor has approximately 10,000 customers in the Nordics and Baltics.

PRODUCTS AND SERVICES

SSAB's product range represents approximately 45% of Tibnor's sales. Other producers' commercial and special steel products distributed by Tibnor include engineering steel and long products, such as beams, merchant bars and hollow sections used for building purposes, as well as rebars for the construction industry. Stainless steel and non-ferrous metals, mainly aluminum and copper, account for approximately 20% of sales.

For the customer, outsourcing non-core competences to a professional, specialized processing partner means an ability to increase overall profitability and competitiveness. Customers save investment capital, improve production efficiency, increase flexibility, cut material wastage and can improve end-product quality.

As a steel distributor, Tibnor is a logistics expert with a well-established distribution system that works with different logistics flows. Logistics solutions range from 24-hour stock deliveries to individual material flows designed to meet customer needs. For customers, this means that materials are delivered at the right time and at the right quality. We can deliver within 24 hours. Delivery reliability is over 95% with just-in-time delivery on the promised day.

Tibnor also offers customers a variety of contact points and supporting service solutions depending on their needs and preferences. Customers can choose between using e-services, EDI, a webshop or personal service. This makes it easy for customers to choose materials, create their own offers, place orders, access documents or work with automated solutions.

GENERAL MARKET CONDITIONS AND DEMAND

Close to 55% of all steel delivered in the Nordic region is supplied through distributors. Value-adding services are of increasing importance for industrial customers, who increasingly seek to focus on their core activities.

MARKET AREAS AND MARKET SHARE

Tibnor has a strong presence in the Nordic region, with Sweden accounting for about half of the sales, followed by Finland and Norway, both at about 20%, and then Denmark and the Baltics.

Tibnor has a share of around 20% of the Nordic distribution market.

STRATEGY

- Be a meeting point for Nordic and Baltic manufacturers and suppliers where our know-how and expertise and that of our customers and suppliers converge to create smarter solutions
- Be customers' and suppliers' first choice by being a strong partner with a common way of working and running the operations throughout the Nordic countries
- Win market share through the broadest product and service offering in the Nordics
- Continue development of value-added services through an extensive network of highly specialized processing units
- Expand digital services to all countries of operation
- Increase internal efficiency by making full use of competences, assets and buying power on a Nordic level

STRENGTHS

- The best and most extensive network in the Nordic market
- Highly skilled and professional employees with a drive for solving customer needs
- Extensive product range and specialized processing services combined with logistics expertise, strong distribution network and modern customer service solutions
- Good delivery accuracy and short lead-times with services that help customers to improve their flows
- Strong relationships with material suppliers to enable high-quality customer support regarding choice of material

COMPETITORS

Competitors include BE Group, Stena, Norsk Stål and Kontino, as well as a number of national local companies and niche players.

2016 IN BRIEF

- Completed synergy and cost reduction program exceeding targets
- Initiated a project to relocate operations from Luleå to Linköping to increase efficiency
- Initiated a project to centralize component production on the Seinäjoki unit in Finland to increase efficiency
- Implemented in Finland the Tibnor Direkt concept already used in Sweden
- Celebrated organization's 40th birthday in June
- Began construction on new 5,500-m^2 center in Seinäjoki, Finland
- Awarded "Supplier of the Year" status by Toyota Material Handling Manufacturing Sweden
- 2016 Silverbalken award received by President Mikael Nyquist
- Launched Tibnor's Safety Day in October

RUUKKI CONSTRUCTION

Sami Eronen (1971), President
Head of Ruukki Construction

Sustainable building and construction products and services in Europe

2,500 Employees

5,304 MILLION SEK
Sales in 2016

15
Operations in 15 countries

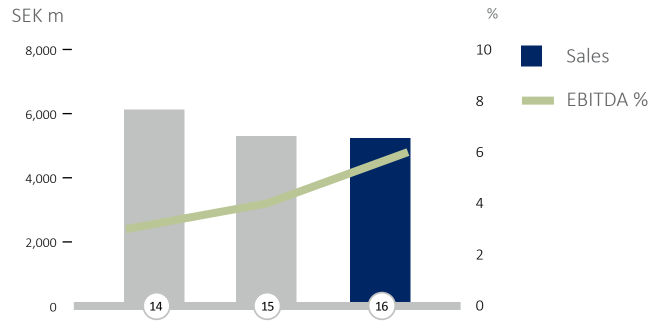
9%
Share of SSAB Group's total sales

6%
Share of SSAB Group's total EBITDA

Operates both in the residential and non-residential construction segments

Recognized Ruukki brand

Ruukki Construction
Net sales and EBITDA margin[1) 2)]



[1)] Excluding items affecting comparability
[2)] Figures for 2014 are pro forma, as if SSAB had owned Rautaruukki during the year

Ruukki Construction's services include the design, manufacture and installation of building frames, envelope structures and roofs. These services are available either on a product-specific basis or optimized as a package from one and the same supplier.

The product portfolio includes steel-based structures such as steel frames and sandwich wall panels, as well as profiled building components such as load-bearing sheets and residential roofing products. Ruukki Construction's aim is to provide products of economically, technically and architecturally high-performance and to promote sustainability at all stages in the lifecycle of our customers' buildings.

Ruukki Construction has operations in 15 countries, with production units in Seinäjoki, Alajärvi, Vimpeli and Ylivieska (Finland); Zyrardow and Oborniki (Poland); Obninsk and Balabanova (Russia); Gargždai (Lithuania); Tunari (Romania); Anderslöv, Järnforsen and Landsbro (Sweden); Pärnu (Estonia) and Kopylov (Ukraine). Ruukki Construction's major steel supplier is SSAB Europe. External steel suppliers, mainly in CEE and Russia, play a minor role. Competitiveness is secured by market-level pricing from all suppliers.

CUSTOMERS AND END-USERS

Ruukki Construction's customers operate in many activities across many countries. The most important decision-making groups are:

- Architects and structural designers
- Main contractors and installation companies
- Real estate owners and developers
- Residential roofing dealers and tin smiths
- House owners

CORE BUSINESS SEGMENTS

- Non-residential construction
- Residential construction

PRODUCTS AND SERVICES

- Steel roofs, rainwater systems and accessories for residential construction
- Components such as sandwich panels, load-bearing sheets and façade claddings for non-residential construction
- Frame solutions used in non-residential buildings
- Delivery package optimization based on customer needs
- Design and installation

OPERATING ENVIRONMENT AND GENERAL MARKET DRIVERS

Ruukki Construction operates both in the residential and non-residential construction segments.

General market drivers:

- All construction segments from residential to non-residential are facing transformation due to changes in information technology, consumer behavior and new, more sustainable values
- Greener, smarter solutions are increasing in popularity and environmental transparency is becoming a norm
- Investment timespans are shrinking and demand is growing for buildings that can be modified to take into account changing needs
- Renovation construction is experiencing market growth
- Construction business is becoming more service driven

MARKET AREAS AND MARKET SHARE

- Operations in the Nordics represent approximately 60%, Baltics 10%, Central Eastern Europe 20% and Russia and CIS 10% of Ruukki Construction's sales

STRATEGY

Residential roofing products:

ENSURE EASY AND RELIABLE ROOFING EXPERIENCE FOR CUSTOMERS

- High service focus to key customers and improve availability of products
- Easy and reliable roofing experience supported with good e-services
- Scale benefits in production, raw material harmonization to improve efficiency

Building components:

FOCUS ON THE WHOLE BUILDING LIFECYCLE

- Differentiate with an energy-efficient, architectural and sustainable portfolio

Building systems:

IMPROVE COST EFFICIENCY EVERY DAY WITHOUT COMPROMISING SAFETY, QUALITY AND CUSTOMER COOPERATION

- Focus on cooperation with customers in chosen markets and prioritized segments
- Focus on cost optimization and efficiency in all project phases and functions benefiting end customer: One project, one team

STRENGTHS

- Recognized brand in core customer segments
- Product and service innovations benefitting from advanced technology
- Quality, sustainable, certified products with extensive warranties
- Wide-ranging know-how covering frame and envelope structure design, consultancy, manufacturing and installation optimized from one and the same supplier
- Production capacity to meet requirements for large projects
- Strong steel construction materials know-how

COMPETITORS

Building components and residential roofing:

- Component suppliers such as Kingspan, Paroc, Trimo, Lindab, Weckman Steel, Metall Profil, Balex Metal and Blachy Pruszynski
- Construction business of global steel companies
- Small, local companies
- Alternative construction materials

Building systems:

- Steel frame manufacturers
- Procurement models based on small part-projects
- Alternative construction materials

2016 IN BRIEF

- Continued efficiency program to reduce costs
- Began several projects, including the design, production and installation of steel frames in Norway, Sweden and Czechia
- Opened new Ruukki Express sales outlets in Latvia, Poland and Finland
- Celebrated 20 years in Czechia
- Appointed Sami Eronen new head of Ruukki Construction
- Launched “Building your tomorrow,” a clear customer value proposition
- Migrated website to new technology platform
- Launched new Ruukki Classic Silence roofing material
- Launched new Ruukki Emotion façade system

SUSTAINABLE OFFERING

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

HOW WE WORK WITH CUSTOMERS

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

Unlike many steel companies who only act via distributors, SSAB works also directly with OEMs, manufacturers and subcontractors through our own sales force. We support our customers in developing better and more competitive products. We help them to increase productivity and thereby to reduce costs.

To remain at the forefront in the industry, SSAB will continue to invest in research and development, technical customer support and joint innovation initiatives to get the most out of SSAB's high-strength and advanced high-strength steels. At the same time, the organization strives toward the highest standards in terms of product quality, shorter lead times and delivery reliability.

DEVELOPMENT IN COLLABORATION WITH CUSTOMERS

As early as possible in the development of a new product – be it a tipper, a dumper or a crane – SSAB's qualified applications engineers work to support the customer in developing solutions that best utilize the qualities of each steel grade. This is how SSAB enables customers to produce stronger, lighter and more durable end products.

With an extensive network of local service centers, SSAB provides prefabrication and steel processing services so customers can focus on their core business. Our service centers can supply slit coil, cut-to-length plate and other formats according to customer specifications. This is how we help our customers to improve their production efficiency, cut material waste and improve end product quality.

SSAB Shape combines premium steel products with engineering and processing services offered through our own Shape Centers and a worldwide network of processing partners.

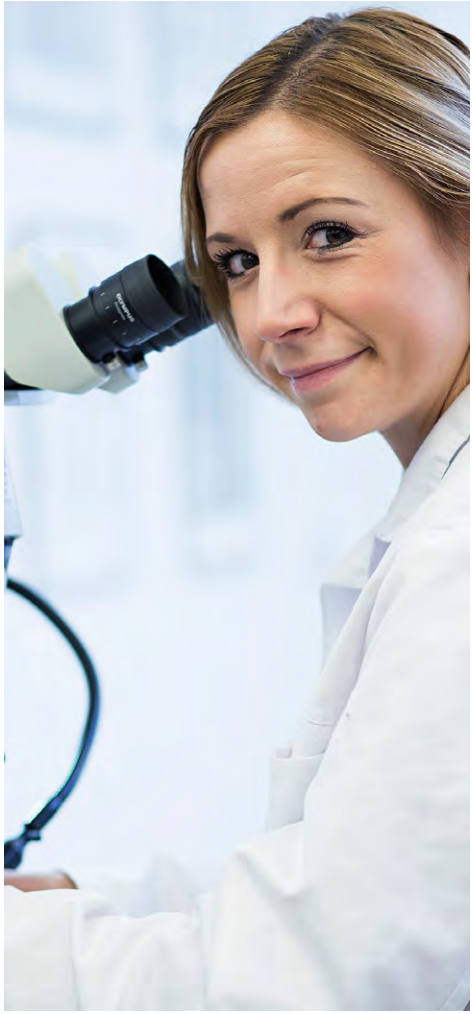
- Customized product development and engineering
- Extensive design support and prefabrication services
- Reliable, tailor-made logistics and stock services

SSAB Tech Support has a high local presence worldwide and can visit customers at short notice to solve acute problems or to initiate longer-term co-development projects. SSAB Tech Support can answer general customer questions about design, welding, forming and wear, and the team works closely with SSAB's specialist groups at the Knowledge Service Center for questions requiring more specialized expertise. Tech Support is the first contact for customers looking for technical support from SSAB.

RESEARCH AND DEVELOPMENT

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

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



Research and development centers:

- Borlänge and Oxelösund (Sweden)
- Raahe and Hämeenlinna (Finland)
- Montpelier (Iowa, USA)

Nearly a quarter of the employees at these research facilities hold doctorate degrees in technical fields from top universities. This high-end knowledge base ensures cutting-edge research in the industry. In addition to product improvements, research and development teams also focus on ways to enhance production and processing.

SSAB's research and development is focused primarily on advanced high-strength steels and wear steels, with an emphasis on those segments where demands on the steel are particularly critical. Increased environmental awareness has also been an important driving force in development work, as evidenced by high-strength steels that enable more energy-efficient transportation and lower CO_2 emissions. Lastly, knowledge about production processes, material recycling and efficient use of resources is also of great importance to SSAB's research and development.

SSAB key factors for successful research and development:

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

BALANCED PROJECT PORTFOLIO

To remain a market leader in high-strength steels, SSAB must maintain a long-term perspective for research and development efforts. SSAB therefore recognizes the necessity of long-term development. Long-term projects can last as long as five to ten years.

Development projects begin with specific customer requirements, changes in the outside world, market analysis or develop around basic research on the steels' core properties. SSAB strives for a good balance between these categories.

AFTERMARKET BUSINESS

The aftermarket has always been an important part of SSAB's business. Much of SSAB's know-how comes from experience gained in the spare parts, repair and maintenance business, where new ideas are born and many new products developed.

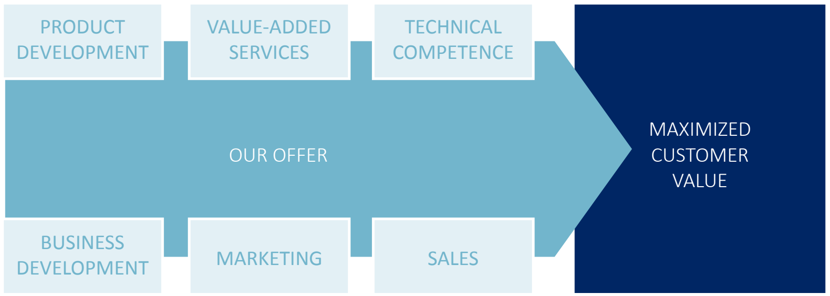
Hardox Wearparts:

- An international network for customers manufacturing parts made of Hardox wear plate
- Experience and data gained from the net-work are being used to further develop the offerings, including developing solutions for customers' aftermarket needs

Hardox Wearparts is a one-stop shop for wear parts – servicing customers in the aftermarket, in industries like mining, quarrying, cement and recycling. To serve customers in these segments, SSAB's wear steel portfolio has been broadened to include overlay and other complementary products. As part of the offering, we can even measure and identify abrasion on existing equipment, analyze utilization conditions and needs, and calculate advantages using new and improved tools such as 3D scanning or the WearCalc calculation tool.

Along with the more than 265 companies included in the Hardox Wearparts network, SSAB continues to grow and develop the business worldwide.

How we work with customers



ENVIRONMENTAL BENEFITS FROM SPECIAL STEELS

SSAB offers customers a broad range of high-strength and wear-resistant steels that enable better energy and material efficiency, as well as strength and durability for the applications in which they are used. Lighter vehicle weight also means higher payload capacity and improved fuel economy.

In 2016, SSAB launched the SSAB EcoUpgraded concept, which highlights the environmental benefits of upgrading to high-strength steel, including the reduced emissions from lower weight, improved fuel economy and extended product lifetime, but also from SSAB customers using less steel, when upgrading to high-strength steels.

OPTIMIZED WEIGHT AND FUEL CONSUMPTION IN THE TRANSPORTATION SEGMENT

The environmental and financial advantages of using high-strength steels are significant in active construction applications such as trailers, trucks, materials handling and lifting equipment, and construction machinery. Used in these applications, SSAB's high-strength steels reduce the weight of vehicle structures by enabling minimum steel thickness through new structural design.

Structural redesign can also reduce production costs, e.g., through less welding and improved usability. Lower vehicle weight leads to increased payload capacity and lower fuel consumption and emissions. For example, the weight of trailer bodies made with SSAB's high-strength steels can be reduced by up to 30% compared to using traditional steel grades.

In applications such as lifting equipment, where high load-bearing capacity is required, the use of high-strength steel enables stronger designs. At the same time, structural wall thickness is reduced, resulting in material weight savings which can lead to lower fuel consumption and reduced emissions.

Automotive manufacturers are also calling for lightweight, durable materials with beneficial environmental properties that are manufactured with resource efficiency. SSAB's cold-rolled advanced high-strength steels help to make it possible to develop safer and lighter vehicles with lower emissions.

Our advanced high-strength steels have been especially engineered for safety applications in cars with stringent requirements for reduced weight and high energy absorption.

PROLONGED SERVICE LIFE OF MACHINERY AND EQUIPMENT

SSAB's wear steels are Quenched and Tempered (Q&T) steels that are used in a range of machinery and equipment in mining, quarrying, recycling and road building segments. All of these applications require the hardness and toughness that are characteristic of Q&T steels.

Use of Q&T steels in buckets, crushers, blades, shredders and tippers provides greater resistance against wear, which in turn improves machinery performance and extends service life. Additionally, lighter weight machinery offers cost benefits to end-users and reduces the environmental impact over the machinery's lifecycle.

IMPROVED ENERGY-EFFICIENCY AND ECO-FRIENDLINESS WITH COATINGS

SSAB develops new functional surface coatings that lower energy consumption and maintenance costs, improve surface durability and extend the lifespan of buildings. There are several coatings that contribute to more environmentally friendly and sustainable construction.

Thermal coatings reflect solar radiation when used on the building's exterior and thermal radiation when used on the building's interior leading to decreased energy consumption for heating and cooling.

Some coatings are partly based on plant oil instead of traditional fossil oil – a technology that has been patented by SSAB and is unique in the market. The result is an improved coated steel product, with a prolonged service lifetime and reduced environmental footprint.

30%

lighter trailer bodies when using SSAB's high-strength steels compared to using traditional steel grades

SSAB Special Steels

CASE:

Upgrade and save in CO_2 emissions – SSAB EcoUpgraded concept

The objective of the SSAB EcoUpgraded concept is to find applications with good potential for reducing CO_2 emissions during use. Looking at each specific application, SSAB can compare the potential CO_2 savings in its use phase to the CO_2 emitted during production, thereby identifying products that would benefit the most from an upgrade to high-strength steel.

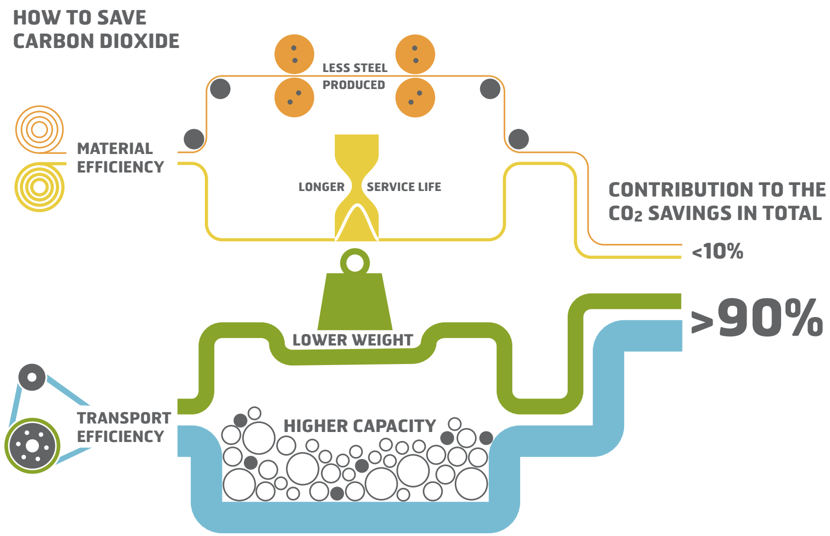
HOW TO SAVE CARBON DIOXIDE

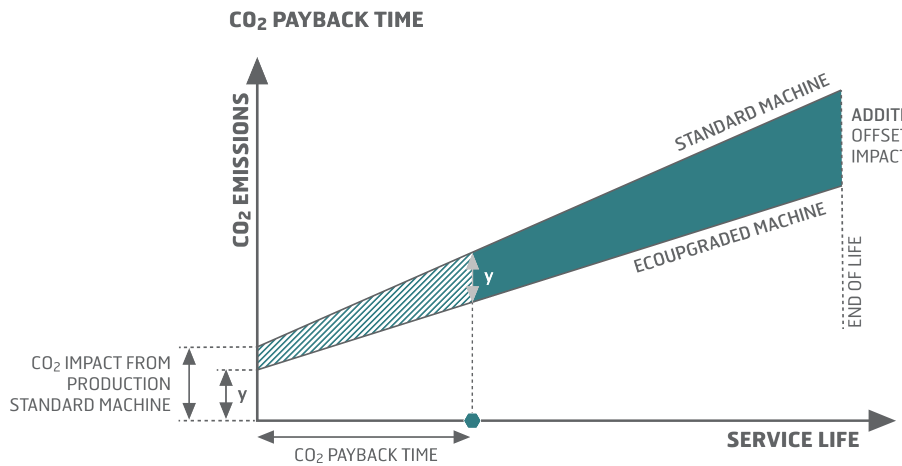
With high-strength steel, the end product can be designed lighter (less steel produced). With wear-resistant high-strength steel, the end product also lasts longer (longer service life). With lower weight, the end product will need less fuel for the same work (lower fuel consumption). Fewer trips for the same load is the result when the reduced own weight leads to increased payload (higher capacity).

CO_2 PAYBACK TIME

By upgrading with steel from SSAB, manufacturers will quickly be able to compensate for the CO_2 emissions from the SSAB steel production during the use of the product. And once the break-even point has been reached, the application will continue to deliver CO_2 savings amounting to many times the original CO_2 debt.

SSAB ECO UPGRADED





CASE:

EcoSmart, SSAB Americas' new customer awareness program, launched in 2016

When it comes to sustainability, SSAB Americas is making a world of difference. In April 2016, in honor of Earth Day, the division launched EcoSmart, a new awareness program that lets US customers know about the company's commitment to environmental sustainability. In short, SSAB Americas is making planet-friendly products using a planet-friendly process, and EcoSmart is a way to communicate about it.

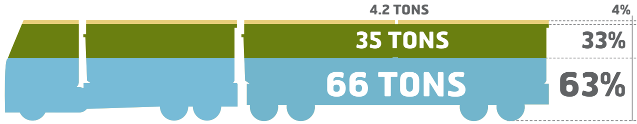
The EcoSmart program emphasizes both the key product and process attributes of steel produced by SSAB Americas. Nothing changed about the way the steel is produced in the US or the organization's commitment to sustainability. EcoSmart is simply a way to communicate succinctly to customers and other external audiences about the great work SSAB Americas is already doing to produce environmentally sustainable steel. Benefit messages include steel recyclability, water recycling, waste minimization and increased use of renewable energy.

SSAB Americas' strategic customers began hearing about EcoSmart throughout the year through customer meetings and other communications. Sales team members have taught customers the ways in which all steel made by SSAB Americas is superior in its minimized environmental impact, and why it's their smart choice. Customers in the program received brochures and other materials, and now have EcoSmart labels and tags on all steel they buy from SSAB Americas, as well as paperwork such as invoices and order acknowledgements. This gives them an added sell-through benefit for their own end customers.

SSAB Americas' large OEM customers began receiving the EcoSmart program in 2016. Other customers are set to roll out in 2017.

CASE:

“Winds of change – less drag, more load”



ROLL-ON CONTAINERS

These roll-on containers were upgraded from 355 MPa standard steel to Hardox 450, increasing the load capacity by 2,100 kg for the total vehicle with a set of three containers. This allows more payload per trip and also reduces the fuel consumption for the empty vehicle. The removal of stiffeners on the sides also lowers wind drag, which further reduces the fuel consumption.

SSAB EcoUpgraded

Together with our customers, SSAB continually upgrades steel and equipment designs. SSAB EcoUpgraded saves CO_2 both in steel production and during the full lifetime of the machine.

From the CO_2 payback time and onwards, every extra hour brings additional savings.

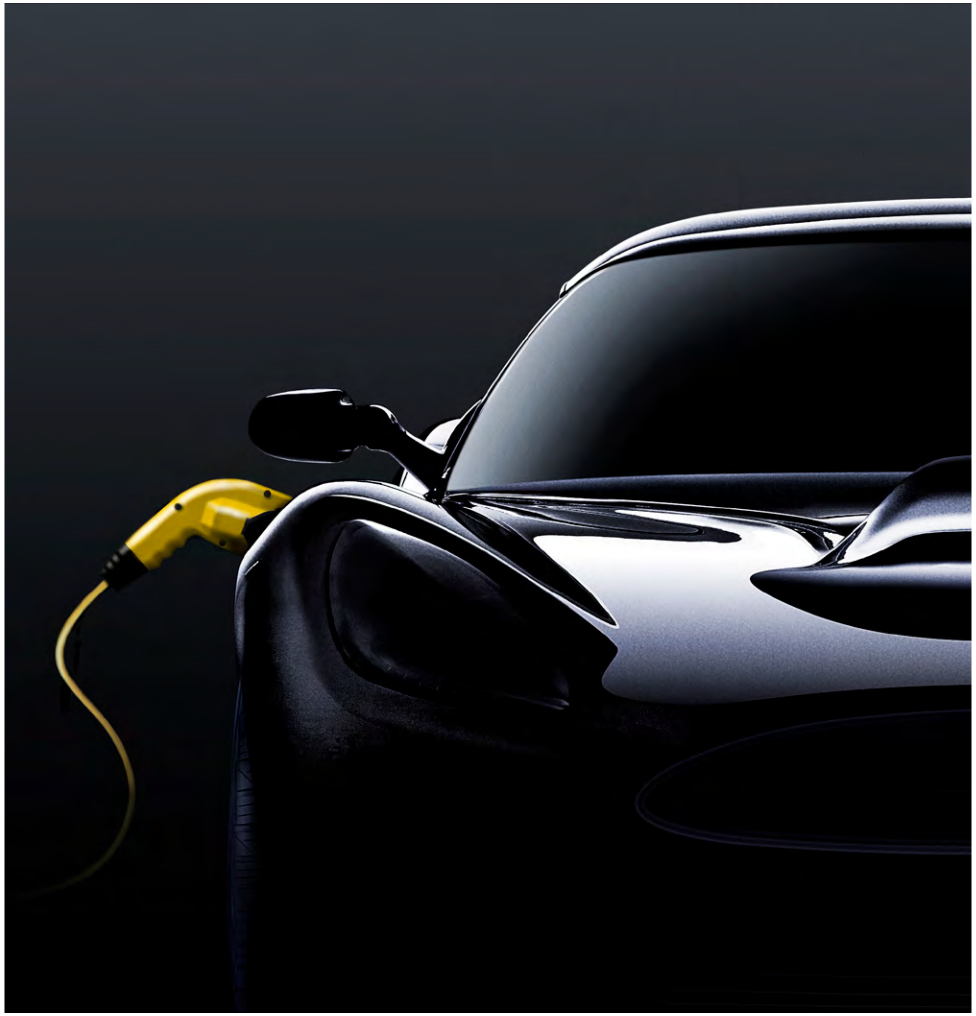
SSAB ECOUPGRADED	
Fuel consumption, fully loaded	0.69 l/km
Fuel consumption, unladen	0.35 l/km
Vehicle usage per year	100,000 km/year
Weight critical transports	50%
Service lifetime	12 years
Steel saved by increased wear resistance	0 kg/lifetime
Weight reduction	2,100 kg
Total weight upgraded parts	7,650 kg
Curb weight*	26,700 kg
Total payload*	37,300 kg
Maximum weight*	64,000 kg

* Valid for the whole truck-trailer vehicle.

CASE:

Steel can make a difference in electric cars

Interest in electric vehicles is rapidly growing. One "hot potato" in electric cars is the range they can be driven without charging. Whereas one important question, of course, is how to make energy-denser batteries, we can also boost the driving range of electric cars by making them lighter. One cost-efficient solution to this dilemma could be SSAB's cold-formed Advanced High-Strength steels (AHSS). Our Docol AHSS is already used in many parts in electric vehicles.



Keeping component weight and costs to a minimum is a main focus as electric cars become increasingly more popular. This means demand for SSAB's cold-formable AHSS will become more important than ever in driving innovation towards a more sustainable future.

Since car weight affects vehicle rolling resistance, the use of strong, lightweight steel solutions will be very important.

Electric car batteries are expensive and need to be protected from road debris or leaking hazardous material in the event of a collision. Battery protectors made from Docol AHSS can help to ensure the strongest protection with the lowest possible weight – and cost-efficiently.

Together, cold-formable AHSS and electric vehicles make a good combination to reduce global emissions and improve vehicle performance, thus providing car manufacturers with a competitive advantage.

SUSTAINABLE CONSTRUCTION SOLUTIONS

Ruukki Construction's services include the design, manufacture and installation of building frames, envelope structures and roofs. These services are available either on a product-specific basis or optimized as a package from one and the same supplier.

The product portfolio includes steel-based structures such as steel frames and sandwich wall panels, as well as profiled building components such as load-bearing sheets and residential roofing products.

20%

savings in annual energy consumption when using Ruukki Construction's energy panels instead of traditional panels

We aim to provide products of economically, technically and architecturally high-performance and to promote sustainability at all stages in the lifecycle of our customers' buildings. Despite a challenging economic climate, customers are greatly interested in energy efficiency and green values.

MORE SUSTAINABLE BUILDINGS

Energy-efficient solutions, material-efficient products and active innovation are the key initiatives in Ruukki Construction's sustainability strategy.

Ruukki energy panel has been on the market for a few years and has established a sound position in Ruukki's product portfolio. Use of Ruukki energy panels, which provide good insulation and airtightness properties, can cut annual energy consumption by up to 20% compared with traditional panels or façade solutions.

Ruukki life panel utilizes recycled materials, thus reducing the global warming potential of the manufacturing of these products by as much as 20%. Ruukki life panels have proven to be exceptionally popular, especially in the Nordic countries. Today, a significant share of panels produced in the Nordic countries are of the life type.

Ruukki Construction's solar energy solutions for roofing and façades enable solar energy to be used for the heating of domestic hot water and living spaces, as well as for the production of electricity. The Solar product family was rolled out in 2014. Interest in these new solutions has risen slowly but steadily. To make it easy for the consumer to purchase these systems, Solar product packages are also available.

Because a physical building always has a functional impact and helps to shape its immediate surroundings, Ruukki Construction offers our customers the best possible range of ways to promote sustainability using architectural means. Frame solutions enable the premises to be modified and efficient use of the building also long term. Ruukki Construction's façade products provide extensive opportunities to make a building fit in with its immediate surroundings. Liberta Solar, Ruukki on-wall solar and Ruukki emotion are examples of new possibilities of how the cladding of a building can be used to highlight sustainability.

OFFERING CUSTOMER VALUE IN SUSTAINABLE CONSTRUCTION

Over the past couple of years, Ruukki Construction has developed its sustainable customer value offering to include not only products, but business concepts that make the values more accessible to end users. Ruukki Construction was involved in a project to build a near zero-energy hall on the campus of HAMK University of Applied Sciences in Hämeenlinna, Finland. Construction of this near zero-energy hall was completed in 2015. The pilot business concept developed for the project ensures profitable investments for property owners of highly energy-efficient buildings.

The building project was successful at keeping additional investments at a very low level. An analysis of the building solution shows estimated energy consumption values to be as much as 20% lower than the extremely energy-efficient solution used in the investment calculations. The next steps will be to verify the energy savings during the first year of the pilot project and to apply the business model to other customer projects.

The completed building showcases several of Ruukki Construction's innovative energy solutions: energy panels, solar energy solutions, energy piles and other modern ways of producing energy to meet the hall's energy requirements. Investors have shown wide interest in the building and the sustainability values it represents.

CORPORATE IDENTITY AND BRANDS

SSAB counts the company's reputation and brands among our most valuable assets. All company brands share the same parent brand: SSAB.

SSAB stands for sustainability and performance. We work together with our customers to develop new and better solutions in all parts of the value chain. Our ultimate goal is to improve the sustainability and performance of our customers' products and processes.

SSAB works with multiple brands and channels, with a comprehensive offering in high-strength and wear steels from high-end branded products to more commercial grades.

PRODUCT BRANDS

SSAB has a strong end-user focus and a product brand strategy that allows customers to benefit from strong product brands.

SSAB has two power brands: Hardox and Strenx, which both have a unique global market position.

- Hardox is a global leading brand of wear steels designed for maximum payload and longer service life
- Strenx is a brand covering structural steel products designed for sustainable and lightweight solutions

Hardox In My Body:
This logo on a product verifies that it's been manufactured using Hardox wear steel and not an inferior imitation.

My Inner Strenx:
My Inner Strenx represents a quality certification for applications that use Strenx steels.

SSAB also has a wear steel brand, Raex, which is sold through distributors.

SSAB's targeted product brands include: Docol, Toolox, Armox and GreenCoat.

Additionally, five product groups have SSAB in their name:
- SSAB Domex
- SSAB Form
- SSAB Weathering
- SSAB Boron
- SSAB Laser Plus

For more information about the product brands:

www.ssab.com

SSAB's two subsidiaries have their own corporate brands:

- Tibnor is the leading Nordic supplier of steel, other metals and processing services
- Ruukki Construction has retained the Ruukki brand and logo after the merger in 2014 between SSAB and Finnish company Rautaruukki, which used the marketing name Ruukki

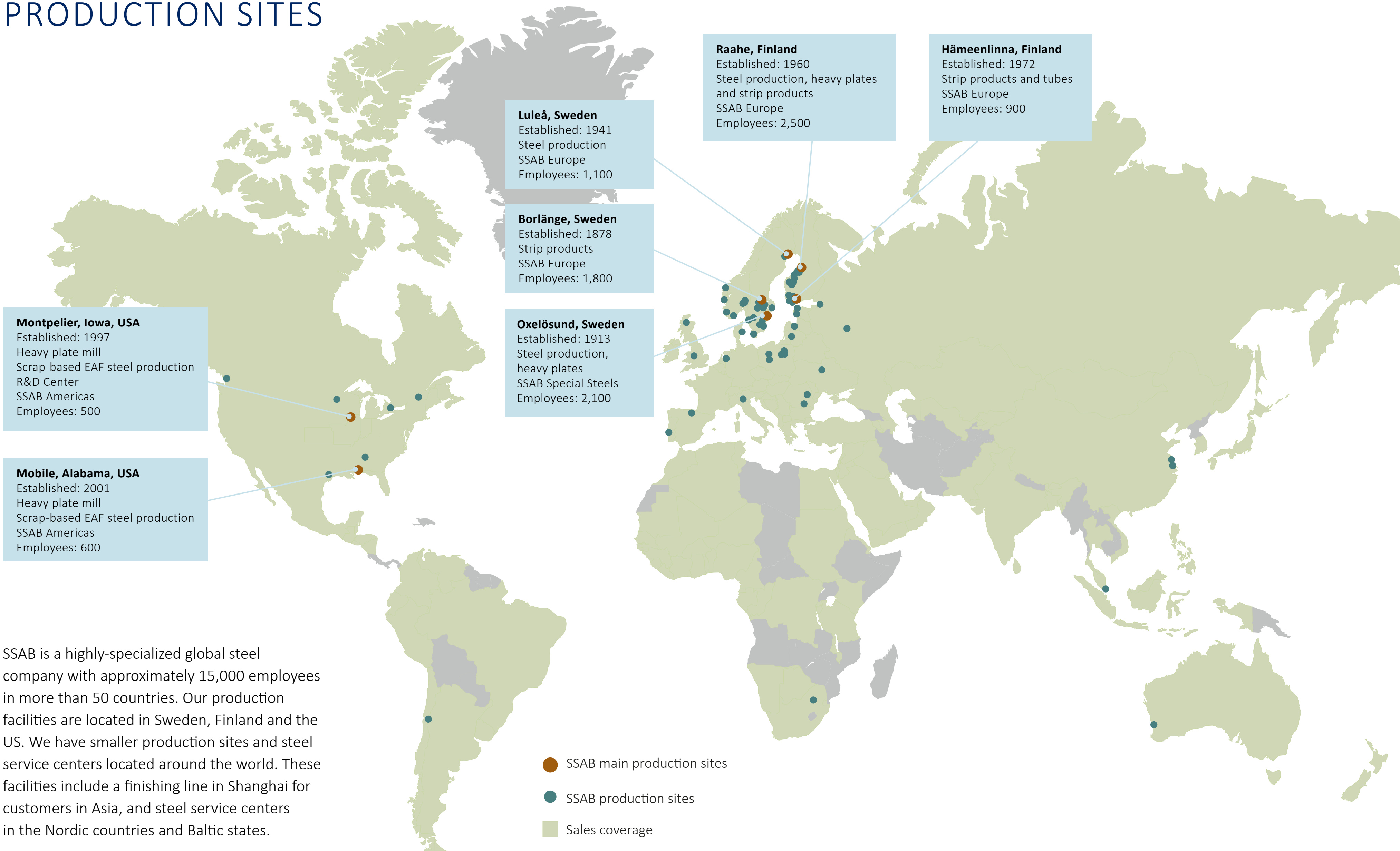
BRAND MANAGEMENT STRUCTURE

ROLE OF THE BRAND	LOGOTYPE	PRIMARY TARGET GROUPS
SSAB Corporate Brand	SSAB	The primary target group for SSAB consists of customers (distributors, fabricators, OEMs) and equity investors as well as current and future employees.
Power brands: Global product brands with unique market position	STRENX™ PERFORMANCE STEEL (Watch the video); HARDOX® WEAR PLATE (Watch the video)	Customers (fabricators, OEMs), end-users
Targeted product brands	DOCOL® THE AUTOMOTIVE STEEL (Watch the video); TOOLOX® ENGINEERING & TOOL STEEL (Watch the video); ARMOX® PROTECTION PLATE (Watch the video); GREENCOAT® COLORFUL STEEL (Watch the video)	Customers (fabricators, OEMs, distributors), end-users
SSAB branded products	SSAB Domex; SSAB Laser®Plus; SSAB Form; SSAB Weathering; SSAB Boron	Customers (distributors, fabricators, OEMs)

SUSTAINABLE OPERATIONS

SSAB focuses on operational efficiency to ensure our operations are as sustainable as possible. SSAB works for continuous improvements to minimize emissions, aiming for material and energy efficiency, while at the same time providing our employees a safe and secure workplace with opportunities for individual, professional growth.

PRODUCTION SITES



SSAB is a highly-specialized global steel company with approximately 15,000 employees in more than 50 countries. Our production facilities are located in Sweden, Finland and the US. We have smaller production sites and steel service centers located around the world. These facilities include a finishing line in Shanghai for customers in Asia, and steel service centers in the Nordic countries and Baltic states.

SUSTAINABLE AND EFFICIENT PRODUCTION

SSAB has a cost-efficient and flexible production system. SSAB's production plants in Sweden, Finland and the US have an annual steel production capacity of 8.8 million tonnes. To outperform peers and achieve industry-leading profitability, SSAB has both reduced fixed costs and increased structural flexibility in the production processes. Going forward, SSAB will work toward achieving substantial productivity gains every year by involving all employees in continuous improvement programs. SSAB is also committed to continuous environmental work to minimize any adverse environmental impacts from our operations.

FLEXIBILITY AND IMPROVED COST EFFICIENCY

The merger of SSAB and Rautaruukki in 2014 created a more competitive and flexible steel production system in the Nordics. SSAB has five blast furnaces: one in Luleå, two in Raahe and two in Oxelösund, for a total capacity of around 6.4 million tonnes. SSAB can operate with three, four or five blast furnaces depending on market demand at any given time.

In recent years, SSAB has invested heavily in its production system. SSAB's blast furnace in Luleå was fully modernized in 2015. The blast furnaces in Raahe, Finland were modernized in 2011 and those in Oxelösund in 2010. A pulverized coal injection system has replaced an earlier heavy fuel oil injection system in the blast furnaces in Raahe. This has resulted in more cost-effective steel production and lower raw material costs. A new hot stove for Oxelösund´s largest blast furnace has also improved production efficiency as of 2015.

Upcoming larger investments include modernization of the first section of the pickling line at the Hämeenlinna Works in Finland and a new blower for hot metal production in Luleå, Sweden. These investments will support SSAB's automotive growth strategy, increase production stability and reduce energy consumption. Work started on the projects toward the end of 2016.

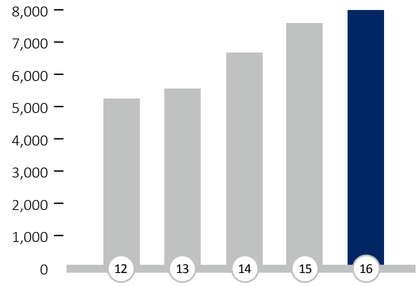
Following the combination of SSAB and Rautaruukki, a number of cost reduction programs and projects to capture synergies were launched. The combined effect will have reduced SSAB's total cost level, compared to the time Rautaruukki was acquired, by SEK 3.0 billion on an annual basis, with full effect from 2017 onwards. Most of the synergies are derived from a more flexible operational setup, structural changes, production efficiency and raw material optimization.

SSAB wants to be the "best in basics,"i.e., be the best in lead times and delivery performance. Since the merger, extensive work has been done to increase production efficiency, streamline shipments to customers and reduce the complexity in the production system.

The merger with Rautaruukki has presented an opportunity to leverage the equipment and expertise at various locations with our broad product offering. This has resulted in improved product quality and optimization of mill capacity. Two examples include the relocation of metal-coated products production from Borlänge to Hämeenlinna and the consolidation of color-coated product production from four lines to three.

Crude steel production

Thousand tonnes



Another aspect of production efficiency is more robust harmonization and standardization of operating procedures. In the new setup, the same steel quality can be offered by multiple production systems. This allows SSAB to switch production between our sites depending on market demand and customer location.

Processes and internal productivity are also continuously developed through training and implementation of SSAB´s management philosophy SSAB One, which is based on "lean principles".

Continued focus on maintaining a leading cost position in the Americas

SSAB continues its strategy of maintaining a leading cost position in the Americas.

SSAB runs two modern steel mills in the US with an annual production capacity of 2.4 million tonnes. Located in Alabama and Iowa, both mills utilize an electric arc furnace method to produce steel, with nearly 100% of the raw material used in the process being scrap metal.

The mills are strategically located in the southern and central regions of the US, covering the industrial heartland of North America, with access to the strategic southern port system to provide a logistical advantage. SSAB Americas also has three cut-to-length (CTL) facilities in Houston, Texas; St. Paul, Minnesota; and Toronto, Canada. CTL facilities have the flexibility to process internally-produced steel as well as steel from external suppliers. Together, SSAB Americas' five facilities provide a flexible network of facilities that produces, processes and delivers steel efficiently to customers across North America, and adapts to market conditions faster than any competitor.

SSAB Alabama has one of the world's most advanced quenching and tempering (Q&T) lines with a capacity to produce 300,000 tonnes of Q&T heavy plate a year, and SSAB Iowa boasts one of the world's most advanced research and development centers. These facilities allow for the in-house development of technology, continuous improvement and advanced product offerings, as well as service to customers.

SSAB Americas also has established solid raw material and energy optimization strategies to maintain costs in its operations.

Minimizing environmental impacts from steel production

SSAB's most significant environmental impacts occur at our main production sites in Luleå, Borlänge, Oxelösund, Raahe, Hämeenlinna, Mobile and Montpelier.

The process of producing steel from iron ore is carbon-intensive and raw materials used in production, such as coke and coal, are the main sources of carbon dioxide (CO_2) emissions. Energy usage also contributes to the generation of CO_2 emissions. The steelmaking process has continuously advanced and improved to become extremely efficient. As a result, SSAB's blast furnaces in Europe are among the most efficient in the world in terms of minimizing emissions from steel production. There are several reasons for this: the use of high-grade raw materials in the form of iron-ore pellets, high-quality coke and efficient, uninterrupted processes in which the blast furnaces operate. A large number of usable residuals, such as heating, gas, slag and dust, are recovered to minimize consumption of purchased energy and generation of waste.

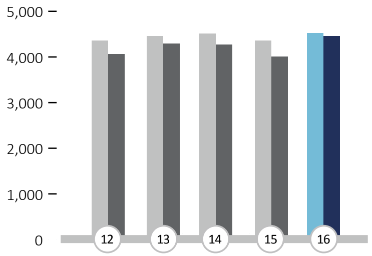
Using recycled steel and scrap metal in steel production saves natural resources and increases material efficiency, which leads to lower CO_2 emissions. In scrap-based production in the US, carbon dioxide emissions are substantially lower than those generated in conjunction with iron ore-based steel production. SSAB uses approximately 20% scrap metal for steel production in the Nordics and nearly 100% in the US.

The continuous development of environmental performance is ensured by monitoring our performance against environmental targets and the environmental management system. SSAB's environmental management is based on the Group's Environmental Policy and the international environmental and energy management system ISO 14 001 and ISO 50 001 standards. All SSAB's manufacturing sites have third-party certification for the ISO 14 001 standard.

Industry-wide cooperation is important for identifying new technical solutions that can further decrease the environmental impacts of the steelmaking processes.

Energy consumption

GWh

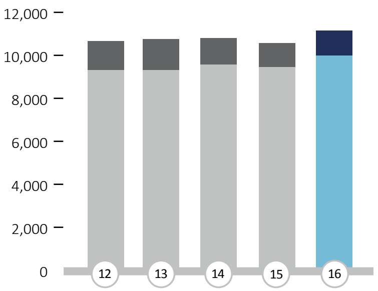


Electricity
Fuels[1]

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

Carbon dioxide emissions

Thousand tonnes



Direct emissions from production (Scope 1)
Indirect emissions from the generation of purchased electricity, heat and steam

SSAB participates in various national and international joint projects with research institutions and industry associations to continue to research and identify new technologies.

Material and energy efficiency in production
Emissions from steel production are controlled and can be further reduced by continuously improving material and energy efficiency in the processes. Material efficiency means making more out of less material, resulting in increased efficiency in the use of natural resources. The production of iron and steel gives rise to a range of residuals. Recirculating material back into the steelmaking process reduces the need for virgin, raw materials which reduces CO_2 emissions and waste. Material that cannot be recirculated internally can be processed into by-products and sold externally, creating new revenue streams as well as reducing CO_2 emissions by substituting natural resources in other industries.

SSAB's production processes are energy-intensive. Systematic energy efficiency management and energy recovery at all sites, as well as production of electricity from process gases at certain steel mills, ensure efficient use of energy and lower emissions. Process gases like blast furnace gas, coke oven gas and converter gas are generated in the iron- and steelmaking processes. Steam and hot water are also produced. These energy flows are recovered to generate electricity and heat, thereby saving additional fossil fuel resources. The energy-rich gases which cannot be used in steel production are used in local power plants to supply SSAB with approximately 45 (43) % of the electricity needs of steel production in Sweden and Finland. Heat is generated in converters, where iron is made into steel. Since the 1980s, recovered heat has been used to produce district heating in Luleå, Raahe and Oxelösund. The recovered heat meets about 90% of local district heating needs.

2016 IN BRIEF

- Following the combination of SSAB and Rautaruukki, a number of cost reduction programs and projects to capture synergies were launched. The combined effect will have reduced SSAB's total cost level, compared to the time Rautaruukki was acquired, by SEK 3.0 billion on an annual basis, with full effect from 2017 onwards. Most of the synergies are derived from a more flexible operational setup, structural changes, production efficiency and raw material optimization
- Going forward, SSAB will work with continuous improvements aimed at achieving substantial productivity gains every year by involving all employees in improvement programs
- In April 2016, SSAB, LKAB and Vattenfall jointly announced a long-term break-through emissions reduction project (HYBRIT), which is working toward a hydrogen-based steelmaking process
- Crude steel production was 7,988 (7,593) thousand tonnes
- Total energy consumption was 8,990 (8,381) GWh. The use of purchased energy was 7,795 (7,267) GWh
- 1,195 (1,114) GWh of electricity was produced from recovered energy
- Direct carbon dioxide (CO_2) emissions were 9,981 (9,448) thousand tonnes

CASE:

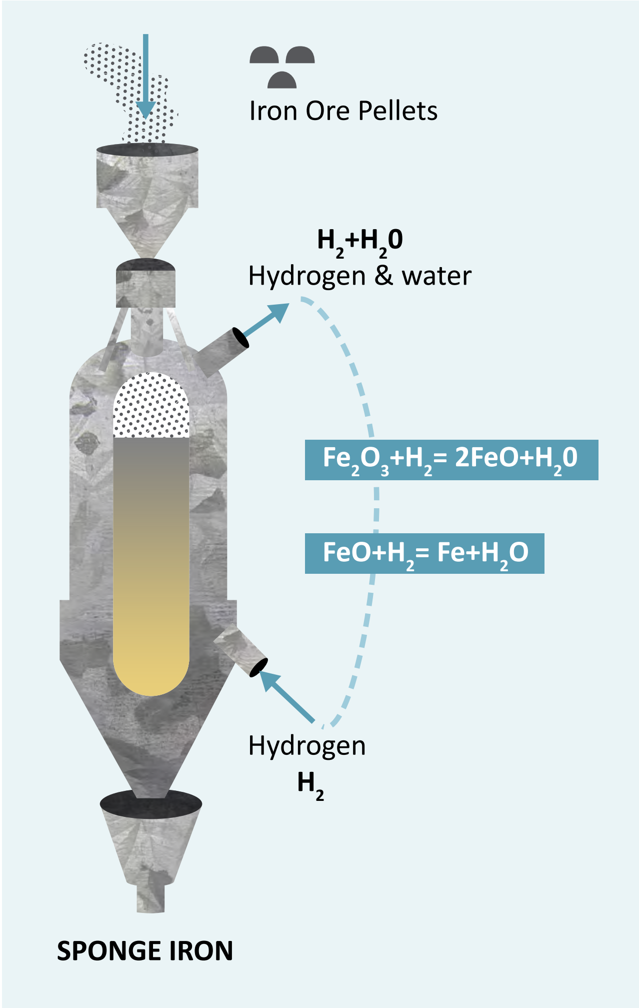
Carbon-dioxide-free ironmaking

In 2016, SSAB, LKAB and Vattenfall jointly announced a long-term breakthrough emissions reduction project – HYBRIT. This is a way of replacing coal with hydrogen in the steelmaking process. HYBRIT stands for Hydrogen Breakthrough Ironmaking Technology.

SSAB's existing production system is already one of the world's most efficient in terms of carbon dioxide emissions. Nevertheless, existing steelmaking technology using coke plants and blast furnaces means SSAB is Sweden's largest single source of carbon dioxide emissions. Together, the companies involved in the HYBRIT project, have initiated work to develop a steel production process that emits water instead of carbon dioxide.

The initiative is split into three phases beginning with a pre-feasibility study, which will analyze all the conditions and which will continue until the end of 2017. This will be followed by a more concrete research and development program in a pilot study, which will last until 2024 before finally progressing to demonstration plant trials, which will continue until 2035. The Swedish Energy Agency will contribute SEK 6.7 million to support the pre-feasibility study.

The project will also mean a major contribution toward a fossil-free Sweden. Implementation of the project will also require national contributions from the state, research institutions and universities over the next 20–25 years.



CASE:

SSAB invests in carbon-dioxide-free internal transportation

SSAB in Oxelösund, Sweden, TFK Transport Research Institute and Kalmar, a part of Cargotec, will initiate a unique project to develop and test carbon-dioxide-free internal transportation powered by hydrogen and fuel cells.

SSAB relies on a significant number of internal transportation activities in and around our facilities. These modes of transportation predominantly run on fossil fuels. A total of some 50 different vehicles are in use in internal transportation in Oxelösund.

During 2017 and 2018, SSAB in Oxelösund, together with Kalmar and TFK Transport Research Institute, will implement a demonstration project where a heavy 14-tonne forklift truck will be fitted with fuel cells and run using hydrogen. This means that the truck will emit water. The forklift truck will be in normal use in internal transportation and operation at SSAB in Oxelösund and will be tested around the clock for a period of 5–8 months. The effects of using fuel cells will be analyzed and assessed from the aspects of, among other things, energy efficiency, environmental impacts and operating costs.

"This is a very good project for SSAB in Oxelösund, where we can study the possibilities to reduce our fossil dependence. In addition to completely changing the fuel, we also get a better machine," says Jacob Sandberg, site manager at SSAB in Oxelösund.

The project will be carried out in close collaboration between SSAB, Kalmar and TFK Transport Research Institute. The project has a budget of more than SEK 10 million, with the Swedish Energy Agency, SSAB and Kalmar providing most of the funding.

HIGH-PERFORMING ORGANIZATION

A high-performing organization is one of the key elements in SSAB's strategy and an essential enabler for achieving the company's ambitious strategy targets.

SSAB and Rautaruukki merged in 2014. Since then, the organization has changed shape and been simplified so that SSAB is better equipped to meet market demand. At the end of 2016, the headcount had decreased by over 2,500 compared to the time of the merger.

A high-performing organization provides a structure that helps to align actions, behavior and skills with strategic direction and the competences needed by the business. There are four main priorities toward achieving a high-performing organization:

- Improve safety with the focus to be the safest steel company in the world
- Enhance productivity by continuous improvements
- Strengthen the performance culture
- Develop leadership and employee engagement

ENHANCE PRODUCTIVITY BY CONTINUOUS IMPROVEMENTS

SSAB One – our shared management philosophy

SSAB One is our common management philosophy. It encompasses SSAB's vision, values and principles, which together give a direction and framework for the company. Use of the word "management," does not mean the philosophy is exclusive to managers, but that it is relevant to each and every SSAB employee. Only when all of our employees have a good understanding of our management philosophy can we successfully involve everyone in SSAB's development efforts. SSAB One provides us with a common framework and language between the different parts of our company.

SSAB One serves as a common denominator for our improvement structure at SSAB. We will succeed by ensuring we have an understanding of SSAB One and the company's vision as our common purpose, living the values as standards for our convictions and behavior, and using our principles as the rationale to achieve our fundamental goals.

SSAB One has two objectives:

- Improve our flows based on customer demand
- Involve and engage all employees in continuous improvement

Principles:

- Normal state: We can only improve if we have defined and visualized the normal state. This makes it easy for everyone to see how safety, quality and efficiency reflect how we work. Any deviations can easily be recognized and immediately acted upon
- Right from me: Each of us ensures that we get things right the first time round. Errors are prevented from progressing in the production flow. We have a systematic way of dealing with deviations and errors and learning from them

- Learn and improve: Development is part of everyone's daily work. Managers coach their teams and give all employees the opportunity to contribute with their knowledge and commitment
- Customer demand driven: We understand customer needs and focus on improving all the activities that create customer value

STRENGTHEN THE PERFORMANCE CULTURE

Engaging SSAB employees for performance toward goals
Aligning individual performance with SSAB's strategic direction is a central element in being a high-performing organization. Clarity concerning objectives and performance expectations, as well as feedback, are key enablers to effectively manage our change journey and to achieve results.

In annual performance dialogs, all employees and managers follow up on results, provide mutual feedback, discuss the workplace atmosphere and plan future performance and individual development. SSAB continuously reviews and aligns reward structures to ensure performance management processes are effectively supported.

Our employee and manager criteria are important elements to exemplify good performance. Matching potential candidates with development opportunities at different levels in the organization is important for developing a high-performing organization.

Diversity provides oppportunity
SSAB is a knowledge company. Our success depends heavily on the competence and engagement of our employees. SSAB operates globally, and has approximately 15,000 employees from diverse demographic backgrounds in more than 50 countries. Leveraging this diversity is a prerequisite to providing a superior customer experience. However, working with diversity in terms of having a diverse workforce will not automatically improve our employee engagement or financial performance. SSAB strives for an inclusive leadership and corporate culture, meaning that employees feel a sense of belonging and have equal opportunities to contribute and succeed.

The steel industry is traditionally male-dominated, and with 19% of our employees being women, SSAB is no exception. We believe that improving gender balance will positively contribute to our performance culture and be more responsive to customer needs. In order to increase the number of women in top management, SSAB launched a diversity target in 2015, aiming to have women in 30% of the top management positions in the company by the end of 2019.

SSAB has a long-term goal of increasing the presence of female employees across the company. Women in top management positions serve as role models for others, which drives further development. To further accelerate this process, in 2016, we initiated a high-level in-house mentoring program, which proved successful and will be re-launched during 2017. The process is a mutual learning experience for both mentors and mentees, through challenging each other, exchanging experiences, broadening perspectives and building networks across the organization.

SSAB has a number of initiatives and tools to raise awareness and promote diversity and inclusion in the company:

- Internal workshops and sessions focusing on diversity and inclusion with high-level managers
- Global management planning
- Global employee survey
- Consortium programs for management and leadership development
- Networks and internal mentoring programs
- Our management philosophy, SSAB One is an important tool for how we can incorporate and work with inclusion in our everyday work
- Collaboration with other companies and authorities: In several locations across Sweden, SSAB partners with local municipalities to create internships for people with diverse backgrounds, including those from outside the country. This provides participants an opportunity to be part of a workplace, to learn another language and learn about the labor market in Sweden
- To ensure that the various initiatives in this area are carried out as planned, SSAB has appointed a coordinator for the diversity work at Group level

DEVELOP LEADERSHIP AND EMPLOYEE ENGAGEMENT

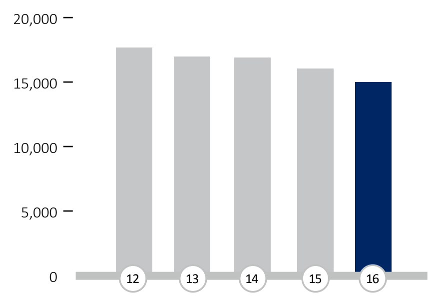
A global process for management planning
A strong managerial pipeline is not only a requirement for a high-performing organization, but also a strategic choice for SSAB. Leaders are instrumental in delivering results, establishing an inclusive culture and managing change. The company applies a global process for management planning and annual review to ensure we retain a firm grip on and understanding of our leadership capability.

SSAB works to ensure that internal leadership talents are identified and systematically developed. The objective is to have suitable internal candidates for managerial positions. In the process, all SSAB managers are assessed against the company's manager criteria, and succession plans are established. The results of management planning are used actively in divisions and at the Group level throughout the year for targeted activities involving competence development, appointments, and as support in organizational development.

Employee engagement
SSAB conducts employee engagement surveys to give employees an opportunity to voice their views on a number of important topics. The surveys help analyze the drivers of employee engagement and capture improvement opportunities which contribute to leadership, high performance and engagement. The survey results are utilized at all organizational levels, starting with the Group Executive Committee. During 2016, we utilized the survey results to improve the annual performance process.

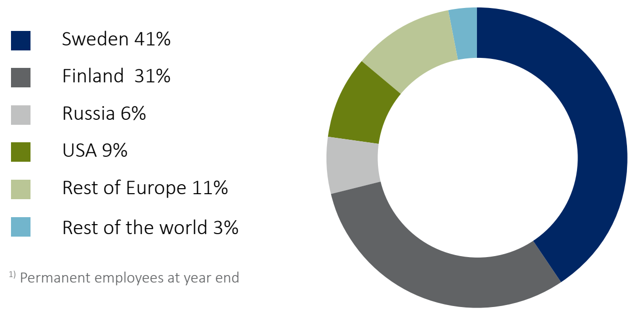
Many production teams have improved how they discuss and manage intra-team conflict based on their own results and continually challenge the way we work. Each manager is responsible for improvement planning, executing and following up with his or her team based on the results of the survey.

Employees[1)]



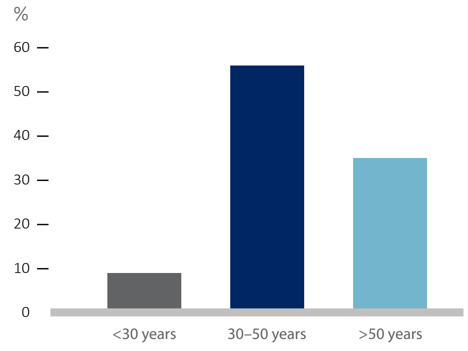
[1)] Permanent employees at year end

Employees by region[1)]



[1)] Permanent employees at year end

Employees – Age distribution[1)]



[1)] Permanent employees at year end

Employees – Gender distribution[1)]

[1)] Permanent employees at year end

HEALTH AND SAFETY

SSAB strives to be the safest steel company in the world, with an objective to achieve zero accidents, work-related injuries or illnesses. Ensuring a safe and secure environment for our employees, contractors and visitors is our highest priority.

SAFETY IN FOCUS

Every SSAB employee has a personal responsibility to work safely every day; it is a fundamental requirement for working at SSAB. Occupational safety is an important part of how we operate, and it is integrated into our management system. In addition to safety, SSAB focuses on preventive health care and wellness to promote the overall well-being of employees. In order to achieve our objective of zero accidents, injuries and work-related illnesses, SSAB will do the following:

- Ensure safety is an integral part of all activities and decisions throughout the company
- Cooperate to prevent accidents and work-related illness by identifying, evaluating and removing risks
- Systematically identify and eliminate the root causes of accidents and near misses which have occurred, with the aim of preventing them from happening
- Ensure that management and the line organizations are responsible for occupational safety, assisted by occupational safety specialists. All SSAB employees are responsible for their own safety and for that of others in their own working environment. Employees must interrupt and instruct colleagues and contractors when they take a risk or fail to comply with established safety rules. All work which is not performed safely must be discontinued
- Ensure that all managers lead by example. They are responsible for the work environment and must serve as good role models
- Ensure that all employees are provided with all necessary instructions, as well as the training and equipment necessary for facilitation of safe work methods
- Comply with or exceed all applicable laws, regulations and SSAB requirements
- Establish clear objectives and carry out regular monitoring to ensure that these objectives are fulfilled

SAFETY MANAGEMENT IN SSAB

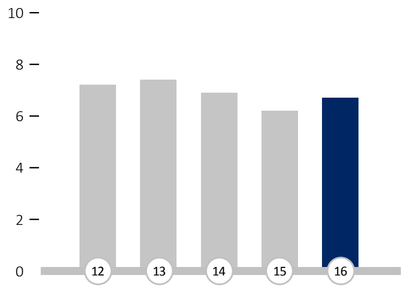
To improve safety performance, SSAB has a company-wide safety expert group and safety management team. The safety management team consists of senior management of operations from all SSAB divisions, as well as subsidiaries Tibnor and Ruukki Construction. The safety management team is the decision-making body on safety issues relevant for the whole company. The team is also responsible for promoting a positive safety culture within the company. The chairman of the team for 2016 was Sakari Kallo, Vice President of Operations in SSAB Europe.

The main objective of the safety expert group is to share information on divisional safety programs, achieved results, best practices, information on serious incidents, and recommendations on preventive actions. The group also prepares company-wide safety initiatives to be decided in the safety management team. SSAB´s safety management system fulfills the requirements of international standard OHSAS 18001.

CONTRACTOR SAFETY

Every year, hundreds of employees from external companies work at SSAB, particularly in the areas of maintenance and repairs. Contractor companies are screened for strong safety practices, and partner companies work together with SSAB to ensure the safety of anyone working at an SSAB facility. SSAB also provides contractors with safety training sessions and discussion forums, in order to increase their safety awareness.

Lost time injury frequency (LTIF)*, own employees



* Number of accidents resulting in an absence of more than one day per million working hours

2016 IN BRIEF

- SSAB’s own employees’ lost time injury frequency (LTIF) was 6.7 (6.2). Including also contractors LTIF was 7.0 (6.3)
- A total of 173 (166) injuries occurred for SSAB’s employees and 36 (31) for contractors
- SSAB Europe and SSAB Americas improved their safety performance, while in the other business areas the progress was the opposite
- In Luleå, a fatal accident occurred on April 27, 2016. One SSAB employee tragically died when two SSAB employees were carrying out regular safety checks on a crane for slab handling in the cooling bay area of the continuous casters
- In addition to continuous safety management procedures, many additional activities have been launched to prevent serious and fatal incidents since the fatal accident in Luleå. These activities include inspection and revision of maintenance and functional testing procedures at all sites and further improved shop floor safety management to speed up the implementation of risk mitigation plans and targets. In addition, in Luleå, a safety culture assessment with corrective actions was carried out

CASE:

SSAB Americas team gives new meaning to housekeeping

In SSAB Americas, safety and environmental teams join forces for a unique program that gets everyone involved in safety.

As the Director of Safety for SSAB Americas, Shawn Crites understands the importance of maintaining a safe work environment. That's why one of his main priorities is overseeing the organization's housekeeping program, in partnership with the environmental team.

So what exactly is the housekeeping program? It's a way to proactively recognize potential hazards and compliance issues related to environmental, health and safety practices and workplace conditions. In other words, it ensures the workplace "home" is safe and clean.

"The purpose of the program is to ensure SSAB provides a safe, clean and environmentally-friendly place to work," says Shawn. "It's designed to reduce the potential for incidents by identifying and correcting hazards."

Cross-functional teams of 4–10 employees at every location go on a monthly tour of an assigned site or area of the mill. During the tour, teams look for potential safety and environmental issues and score their assigned areas accordingly, noting anything from dirty cups lying around to exposed wiring. Based on the team's findings, departments receive an overall score.

Since tour groups are composed of some employees from outside of their own department, the program gets everyone at all levels involved in ensuring a safe work environment for all, and it gives them an opportunity to interact with different people and learn different operational processes.

Most importantly, when tour groups identify issues, departments can act quickly to improve or correct those issues. Over the years, tours have led to drastic safety improvements such as signage and barricades. Solutions applied to recognized hazards are shared throughout the respective facility and other SSAB Americas locations.

RESPONSIBLE PARTNER

Contributing to the communities in which SSAB operates is an integral part of the way we do business. Acting as a responsible partner refers to how we manage risks and take responsibility for business ethics and our supply chain.

RESPONSIBLE BUSINESS PRACTICES

POLICIES AND GUIDELINES

SSAB's values define who we are and what we stand for, and serve as a compass for our actions and behavior. Our values guide us daily in making the right choices and doing the right thing. Our values are complemented by our policies and guidelines.

The Code of Conduct, the Environmental Policy and the Safety Policy are our most important company polices. SSAB also has local policies and guidelines that complement the Code of Conduct and correspond to the challenges the company faces in different geographies. All of our policies and guidelines are regularly reviewed and updated.

Code of Conduct

SSAB's Code of Conduct (Code) applies to everyone in the company worldwide, regardless of function, grade or standing, and is communicated to employees through e-learning. The Code is SSAB's ethical compass and outlines guidelines for SSAB's behavior vis-à-vis stakeholders and the market. The Code helps us to translate values into action and forms the basis for our environmental and social responsibility commitments. The Code requires compliance with legislation and regulatory requirements. The provisions of the Code take precedence over all other policies in a division or at a subsidiary level and, in certain cases, may be more far-reaching than national laws and regulations. The Code is based on international standards including the UN Declaration of Human Rights and UN Global Compact Principles. The Code covers areas such as environment, health and safety, employee relations, personal integrity and business ethics.

SSAB has also published a guide that summarizes SSAB's Code and relevant policies to guide employees on how to handle business relationships and how to approach ethically challenging situations which may occur in our daily work.

Safety Policy

SSAB is committed to creating value for our stakeholders and to building relationships based upon respect, responsibility and excellence with our employees, customers, shareholders and other business partners – and to do so in a socially and environmentally responsible manner.

SSAB is determined to be the safest steel company in the world, with the objective of achieving zero accidents, work-related injuries and illnesses. The provision of a safe and secure work environment for our employees, contractors and visitors who spend

THE GLOBAL COMPACT
WE SUPPORT

GLOBAL COMPACT

SSAB is a signatory to the UN's Global Compact and we continually enhance our efforts to protect and respect its 10 principles and promote its spirit within the areas of human rights, labor standards, the environment and anti-corruption.

In line with our sustainability targets, SSAB acts in compliance with our Code of Conduct and behave in accordance with our values. As part of this, SSAB held face-to-face training in anti-corruption and business ethics for the sales organization during the year. Training is based on SSAB's policies and values, and includes real-life examples and dilemma discussions.

time at our sites is the highest priority. Every employee who works for SSAB has the personal responsibility to work in a safe manner every day. Working safely is a fundamental condition of employment at SSAB. Occupational safety is part of the integrated management system.

Environmental Policy

Our Environmental Policy establishes the most important ambitions for SSAB's environmental work and covers those environmental aspects which play a key role in the sustainable development of SSAB's business. The Environmental Policy supports the day-to-day work across the organization and essentially entails the following:

- SSAB will continue to develop products and services in collaboration with customers, so as to actively contribute to environmentally sound and profitable business
- SSAB believes in the efficient use of raw materials and energy, while minimizing waste

Risk awareness and systematic risk management

Management systems and action plans ensure SSAB systematically carries out our work on critical sustainability issues. Several different management systems and tools, both developed in-house and third-party certified, are used to effectively control operations in accordance with SSAB's Code of Conduct, Safety Policy and Environmental Policy.

Safety management systems for systematic health and safety work, including OHSAS 18001, have been implemented at all production sites. Environmental and climate work takes place primarily within the scope of the ISO 14001 environmental management standard and via local energy management systems. Work environment-related risks and environmental risks are also covered by SSAB's internal risk controls and internal audits. Our systems ensure that targets are set, performance is measured and progress is followed up on.

BUSINESS ETHICS

SSAB continues to strive to ensure that the company maintains a global culture of respect, honesty and integrity. By providing a framework for business ethics and compliance, SSAB continues to focus on creating a mature organizational culture that encourages ethical conduct. This framework provides the required support and tools to meet SSAB's expectation that each and every employee acts with honesty, integrity and responsibility while performing their work.

Global business requires good management of business ethics

Business ethics are an important part of SSAB's sustainability and corporate social responsibility work. The need for training in business ethics increases as our business becomes more global and complex, and as tougher legislation has been enacted in several countries in recent years.

Ethics and Compliance function

A new Ethics and Compliance function was set up during the year in order to further increase our focus on business ethics. The role includes strategic responsibility for work with business ethics, anti-corruption and human rights, and for implementing new legislation and international guidelines in this area. The function is organized as part of the Legal function.

More information about risks and risk management can be found in Financial Statements.

Anti-Corruption Policy
SSAB's Anti-Corruption Policy defines SSAB's zero tolerance approach to bribery and corruption and sets out guidance for our daily operations. The policy provides employees with information on how SSAB defines bribery and improper benefits, and how employees are expected to act in relation to our suppliers, customers and other business partners.

Ethics Line
Everyone working at SSAB must feel a sense of responsibility to react when improprieties are suspected or uncovered. In 2016, SSAB updated its reporting system through which employees can raise concerns and implemented an improved reporting tool known as the Ethics Line. The Ethics Line allows employees to report anonymously serious issues and violations of SSAB's various policies and local laws. Employees can file a report online or via phone by calling a call center. The Ethics Line will be available in 15 countries. Awareness of the Ethics Line program has been promoted through employee communications.

E-learning in business ethics
All employees are expected to comply with SSAB´s Code of Conduct, Anti-Corruption Policy and to have knowledge of how to report non-compliance in accordance with the Ethics Line. Shared ethical guidelines are fundamental in a global company such as SSAB. Training is organized through a global e-learning module to reach out to all employees in order to provide basic training in business ethics and implement anti-corruption efforts.

Face-to-face training in business ethics
Internal training in business ethics takes place on a regular basis. The training is mainly provided to employees in management, sales and procurement, and is based on SSAB's values, policies and guidelines. During the course of the training, participants are taught what is meant by corruption and bribery, and how SSAB's anti-corruption program is structured. This is followed by a discussion focused on practical, real-life examples and dilemma discussions. Experience has shown that business ethics training builds trust and provides for more personal discussions with employees. In 2016, training was mainly provided to employees in the sales organization.

Training in SSAB Americas
As a supplement to the company's global compliance training, within SSAB Americas, employees receive compliance training in the form of webinars, in-person seminars, lunch events, toolbox talks, intranet publications,

email advisories and desktop manuals on a variety of topics including business ethics, the US Foreign Corrupt Practices Act and related anti-corruption laws, anti-trust rules, conflict minerals and harassment prevention training.

Review of business partners
In some situations, SSAB reviews the integrity of our business partners more closely. SSAB has an instruction for business ethics reviews that mainly cover agents, certain distributors and consultants who represent SSAB in dealings with any third party. In most cases, there is no need to review the integrity of a business partner more closely, but the instruction means that SSAB may not enter into or renew agreements with business partners that are within the typical risk areas for corruption, before an initial assessment showing that such partners respect our fundamental rules of business ethics. There should be a written agreement between SSAB and the business partner specifying the duties to be performed, adequate and reasonable compensation and the business partner must be competent and qualified to perform the work for which they are being hired. An anti-corruption clause is also implemented in these agreements.

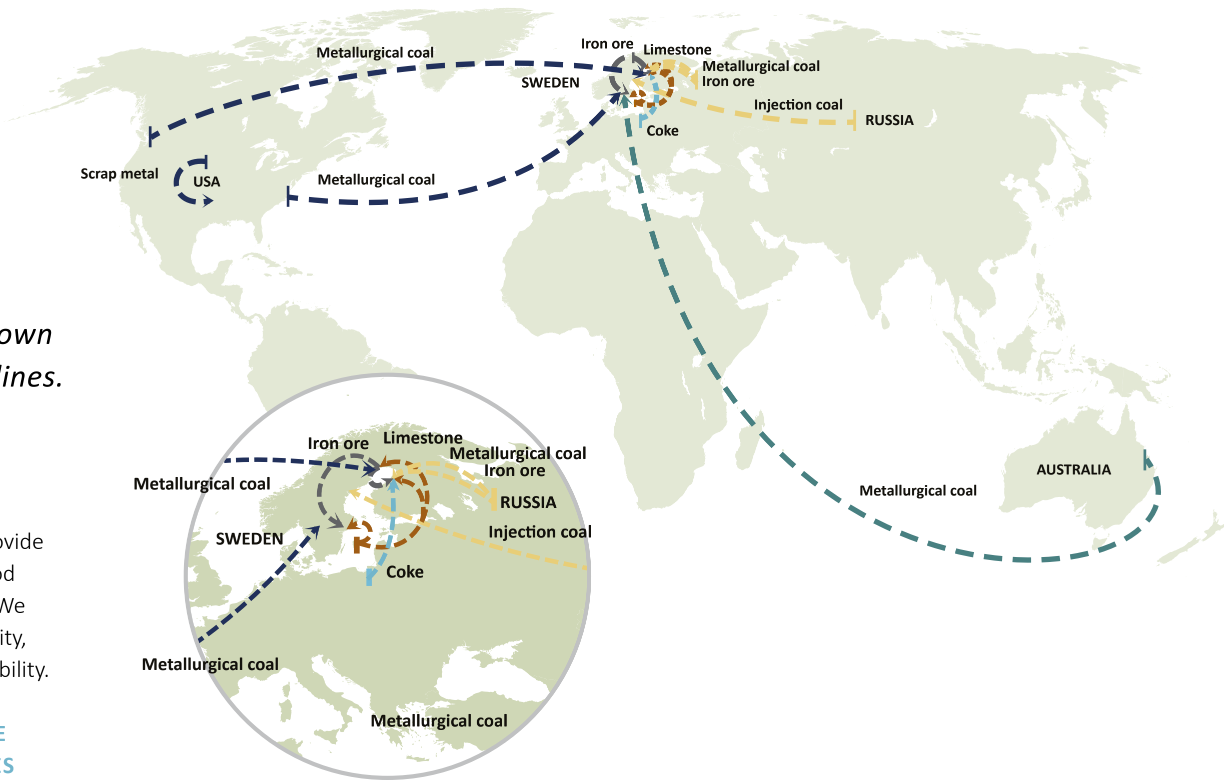
Anti-corruption manual
SSAB has an anti-corruption manual to audit fraud and corruption risks and carried out four audits in subsidiaries during 2016 based on this manual. These audits have not revealed any specific irregularities, but have identified potential to further reduce risks from this perspective. Defined risk mitigation measures are implemented according to agreed action plans.

2016 IN BRIEF

- SSAB updated its reporting system through which employees can raise concerns and implemented an improved reporting tool known as the Ethics Line, where employees can file a report online or via phone. The Ethics Line will be implemented in 15 countries
- Face-to-face training in anti-corruption and business ethics was held for the sales organization. Training is based on SSAB's policies and values, and includes real-life examples and dilemma discussions
- One of SSAB's sustainability targets refers to web-based training for all employees in business ethics. SSAB's e-learning module in business ethics is available in six languages. The objective was to train all employees by the end of 2016 and 90% of this objective was achieved

RESPONSIBLE SOURCING

SSAB has thousands of suppliers all over the world. The input materials used to make iron and steel account for SSAB's most significant purchases. Suppliers must comply both with SSAB's own policies and with international social and environmental guidelines.



EFFICIENT AND RESPONSIBLE SOURCING OF GOODS AND SERVICES

SSAB has an extensive supply chain including around 20,000 active suppliers in more than 60 countries. However, measured by supplier spend, more than half of our purchases come from Finland, Sweden and North America. SSAB buys input materials, products and services in most of the countries in which we operate. These materials and services range from input goods like scrap, iron ore, coal and alloys to gas, refractories, zinc, paint, maintenance services and spare parts.

SSAB contracts only the most competitive suppliers and the strategies for this depend on the products or services purchased. Since the supply chain is global, it is important to evaluate supplier risks and suppliers' ability to address social and environmental issues. At SSAB, sustainability is an integrated aspect of sourcing operations and supply chain management.

Stringent quality requirements and long-term business relationships provide the sourcing organization with a good insight into conditions at suppliers. We assess suppliers on the basis of quality, delivery reliability, cost and sustainability.

COST SAVINGS THROUGH MORE EFFICIENT SOURCING PRACTICES

During 2016, we explored new opportunities to reduce SSAB's total sourcing costs, i.e., total cost of ownership. Here are some examples of how we are trying to take cost reduction initiatives to the next level:

- The supply market for gaseous fuels is characterized by limited competition, hence unfavorable prices have been applied to our disadvantage. In order to enable competition, we eliminated the logistical hurdles and also planned some minor technical changes that enable us to switch fuels. The latter makes it possible to

WHERE SSAB SOURCES ITS INPUT MATERIALS

Iron ore pellets	Mainly Sweden, also Russia
Metallurgical coal	Australia, North America, smaller share from Russia
Injection coal	Russia
Scrap	US, Sweden, Finland
Limestone	Sweden
Alloys	Around 40 different suppliers

apply a multiple fuel strategy. Moreover, storage capacity at the supplier has made it possible to benefit from seasonal price changes

- The market for manganese alloys has been dominated by a few players with limited competition. By introducing new suppliers and by adopting a holistic approach with all different manganese alloys across the production sites, increased competition has been enabled. Increased competition enables reduced product costs, lead times and transportation costs, and increased robustness in the supply chain
- In the previous setup, combined shipments of coking coal were applied for the Swedish coke plants at Luleå and Oxelösund. The Raahe coke plant was supplied with exclusive shipments to Raahe. With the new setup, combined shipments are applied for Luleå and Raahe, whereas the coke plant at Oxelösund is supplied with its own shipments. At Raahe, shipments of coking coal are lightered at sea, i.e., no port call, and the ship is then routed on to Luleå, where it is fully unloaded. The new setup results in two port calls instead of three. It has also enabled payload optimization of the ships and improved material handling, hence less risk for demurrage
- Our operational procurement is largely based locally on the sites. By applying local site knowledge to the local supplier market for maintenance and services, we have successfully decreased the tail spend. This change has been made by challenging our own specifications, by challenging established service providers and also by adopting more lean oriented ways of providing services

INCORPORATING SUSTAINABILITY CRITERIA IN SOURCING

SSAB is a signatory to the UN's Global Compact initiative and the principles of the compact are applied in our work with suppliers. During the year, SSAB implemented a Supplier Sustainability Policy based on the UN's Global Compact principles. The purpose of the policy is to ensure that SSAB collaborates with suppliers who share our sustainability values. Contracts with suppliers refer to the Supplier Sustainability Policy. SSAB also reserves the right to conduct reviews of our suppliers or onsite audits to ensure compliance with the Supplier Sustainability Policy.

SSAB's Group Procurement Policy addresses quality, delivery reliability and cost issues, as well as the principles of the Global

Sourcing by country

- Sweden 27%
- Finland 16%
- Russia 4%
- USA 27%
- Rest of Europe 17%
- Rest of the world 9%

Compact and how to take them into account when evaluating suppliers.

SSAB also has an Anti-Corruption Policy, which provides employees with information on how SSAB defines bribery and improper benefits, and how employees are expected to act in relation to suppliers, customers and other business partners.

INCREASED FOCUS ON IDENTIFICATION AND EVALUATION OF SUPPLIER RISKS

SSAB systematically identifies the risks related to our suppliers. We do this by placing suppliers in various risk categories depending on the countries in which they operate. Classification is based on Maplecroft´s Human Rights Risk Index and Transparency International´s Corruption Perceptions Index. Classification in this way illustrates the risks in areas such as human rights, labor conditions and corruption. Suppliers who are placed in the medium- or high-risk group are required to complete a self-assessment questionnaire containing questions about, for example, their social conditions and environmental credentials. Unsatisfactory answers are investigated.

SSAB also conducts regular visits to major suppliers of input materials around the world, including high-risk suppliers. On these visits, purchasers and quality managers visit production sites and conduct quality inspections. SSAB updated its on-site protocols during 2016 and the monitoring of social conditions and environmental performance at our suppliers will be subject to greater focus during future visits. The procurement organization was also trained during the year to evaluate information about the supplier’s social and environmental performance gathered during site visits.

NO CONFLICT MINERALS IN SSAB’S STEEL

SSAB does not use conflict minerals (including gold, tin, tungsten and tantalum) and, upon request, provides customers with certification affirming this.[1)]

[1)] “Conflict minerals” is a term used for minerals derived from areas characterized by large-scale internal strife, where the mining of minerals risks contributing to, or financing, continued conflict and violation of human rights.

2016 IN BRIEF

- SSAB sourced products, materials and services worth an estimated SEK 40.8 (44.3) billion
- SSAB has 20,000 active suppliers in more than 60 countries
- In total, 222 self-assessments related to sustainability were registered in SSAB’s purchasing system

SSAB IN THE COMMUNITY

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

ACTIVE ENGAGEMENT IN LOCAL COMMUNITIES

SSAB strives to develop and maintain good relations with various stakeholders in our society and actively engages with the communities in which we operate. The way we work with each local community is defined at the site level. In addition our own employees, SSAB engages with politicians, regulators, media and the general public, and people living close to the production sites.

SSAB is also an important partner for local educational institutions and research. We also extensively offer internships and thesis projects to college students.

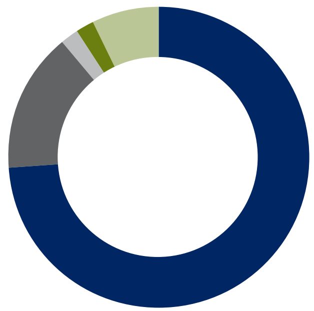
SSAB also works together with local environmental regulators on site-specific issues. Besides ongoing collaboration with local authorities, SSAB also works together with cities and associations to monitor environmental conditions such as air quality and waterways.

Every year, SSAB hosts important visitors from the community, such as school children, students, customers, subcontractors, various inspectors and regulators.

SUPPORTING LOCAL ACTIVITIES IN SWEDEN AND FINLAND

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

Distribution of economic value added to different stakeholder groups



- Suppliers 74%
- Employees 15%
- Shareholders and financiers 2%
- Public sector 2%
- Retained in business 7%

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

STRONG COMMUNITY INVOLVEMENT IN SSAB AMERICAS

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

One of the largest organizations supported by SSAB is United Way, a charitable organization which supports the needy through donations, education and volunteer work. Employees' contributions are matched by the company.

Another example is SSAB's Foundation for Education, a charity program through which we donate funding of at least USD 100,000 each year to local schools in Alabama, money that is raised through the recycling of scrap tires for use as a raw material in steel production in Mobile. Employees and local partners in Mobile also come together every year for the Fill the Bus program, to collect donations of school supplies for local children in need.

In Montpelier, Iowa, SSAB's employees sponsor and support The Make-a-Wish Foundation, an organization which aims to realize the dreams of sick children. Support from the company in Montpelier also goes to The Community Foundation of Greater Muscatine, which supports smaller organizations and charitable projects in the region.

DONATIONS TO SOS CHILDREN'S VILLAGES ORGANIZATION

Since 2012, SSAB has been working with the SOS Children's Villages organization to support different charity projects. This appreciated initiative continues and, during the year, SSAB made a donation that was also SSAB's Christmas gift to our employees in Europe. The donation supports the running of a family center in Brovary outside Kiev. In the center, support is adapted to the needs of each family, and the aim is for children to grow up in a safe and loving environment.

CASE:

SSAB course at the Hämeenlinna Works for high school students in the creative entrepreneurship program

The creative entrepreneurship program for students at Hämeenlinna lyseo high school has for a number of years already included a course realized in partnership with SSAB's Hämeenlinna Works. According to the course teacher, Anne-Mari Keränen, SSAB's course has grown in popularity each year, as reflected in the number of students participating. The course is compulsory for students in the entrepreneurship program.

Students have been split into small groups, each focusing on its own theme such as products, product development, occupational safety, workplace wellbeing, economics, communications and marketing, etc. Each group has a contact person at SSAB to provide them with more information about the subject. The course kicks off with a meeting, where students are told about SSAB, introduced to the contact persons for their own respective group and go on a tour of the site.

At the end of the course, each small group makes and presents a report about its own topic. The report conveys, among other things, what image the students had of the steel industry and SSAB before the course, and how this image changed during the course. This enables SSAB to find out how young people view our corporate image. At the same time, students learn about the company and see how a large company can offer all kinds of jobs on both the production side and the office side.

SWEDISH STEEL PRIZE 2017

The Swedish Steel Prize is the only international award for engineers in the steel industry. It attracts competitors from all over the world.

For nearly 20 years, the Swedish Steel Prize has recognized and rewarded small and large companies, as well as institutions and individuals, who have developed a product, process or method that includes high-strength steel, wear-resistant, tool or protection steel that has changed the industry in one way or another.

The jury is looking for applications that stand out and inspire in the way they have used the material. The independent professional jury assesses the entries by their applicability, profitability, environmental benefits, performance, innovation and creativity.

The announcement of the winning entry is a major highlight at the Steel Prize awards gala in Stockholm, but there's a lot more to it than that. The Swedish Steel Prize is a two-day event packed with knowledge, inspiration and opportunities to meet people working with steel in all types of fields.

Besides the media exposure that comes with a win or nomination, the winner will receive a statuette designed by Jörg Jeschke and SEK 100,000. Swedish Steel Prize 2017 takes place in Stockholm on May 10–11.

Twitter

Instagram

YouTube

CORPORATE GOVERNANCE REPORT 2016

CORPORATE GOVERNANCE REPORT 2016

CORPORATE GOVERNANCE REPORT 2016

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

ORGANIZATION AS AT DECEMBER 31, 2016

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

The diagram below shows SSAB's corporate governance framework as at December 31, 2016 and how the central bodies operate.

DEROGATIONS FROM THE CORPORATE CODE

During 2016, the Remuneration Committee comprised Bengt Kjell (chairman), John Tulloch and Matti Lievonen (who during the year replaced Kim Gran on the Remuneration Committee). Under the main rule in Rule 9.2 of the Corporate Code, the members of the Remuneration Committee who are elected by the general meeting must be independent of the Company

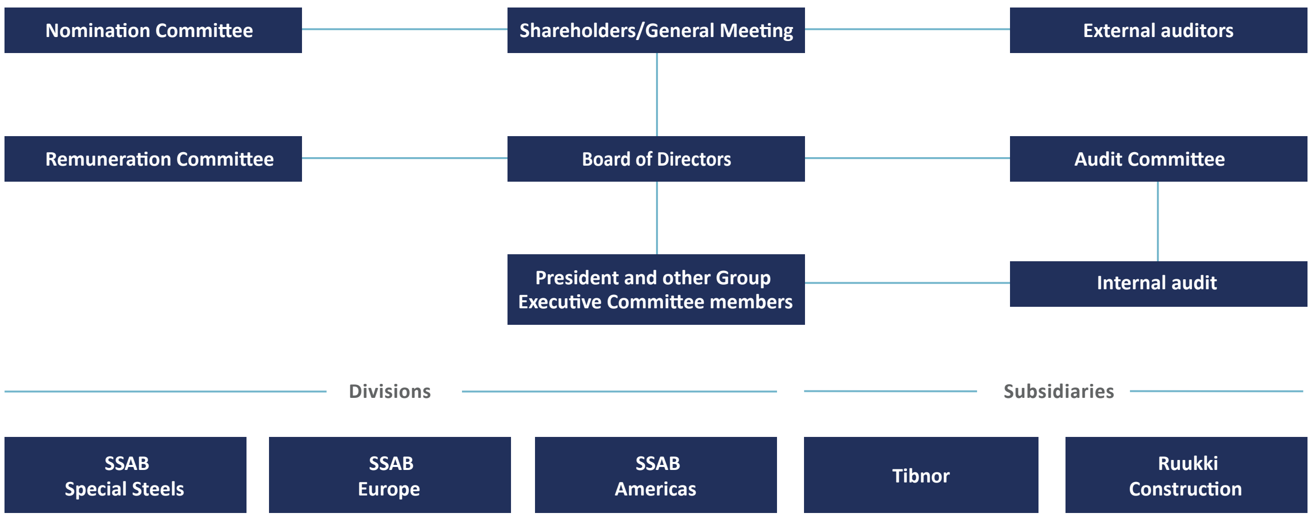
IMPORTANT EXTERNAL AND INTERNAL RULES AND POLICIES WHICH AFFECT CORPORATE GOVERNANCE:

Significant internal rules and policies

- Articles of Association
- The Board's rules of procedure, incl. instructions to the CEO and instructions to Board committees
- Accounting manual (Financial Guidelines) and Finance Policy
- Code of Conduct

Significant external rules

- Swedish Companies Act
- Swedish Accounting Act
- Swedish Annual Reports Act
- Rules of Nasdaq OMX Stockholm and Nasdaq OMX Helsinki, www.nasdaqomx.com
- Swedish Corporate Governance Code, www.corporategovernanceboard.se



and of the Company's management. Since John Tulloch is considered to be dependent in relation to the Company, his inclusion in the Remuneration Committee constitutes a derogation from the rules of the Corporate Code. The Company has extensive international operations involving a considerable number of its employees outside Sweden, not least in North America. John Tulloch has long experience derived from senior managerial positions in the North American steel industry. His knowledge of remuneration principles and structures in, primarily, the North American steel industry constitutes a highly valuable contribution to the Committee's general ability to address international remuneration issues in a purposeful and rational manner. The Company has therefore concluded that the benefit of John Tulloch's inclusion in the Remuneration Committee outweighs any disadvantages arising from him not being independent of the Company. For these reasons, the Company considers the derogation from Rule 9.2 of the Corporate Code to be justified.

SHAREHOLDERS

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

As at December 31, 2016, there were a total of 102,866 shareholders. Industrivärden was the largest shareholder in terms of voting rights, followed by Solidium Oy, LKAB and Swedbank Robur Funds. Of the shareholders, 58.1% held 1,000 shares or fewer, whereas the ten largest shareholders owned an aggregate of around 40.7% of all the shares in issue. Owners outside Finland and Sweden held 28.4% of the voting rights and 23.2% of the share capital in the Company. See Shares and shareholders for more information about the ownership structure.

GENERAL MEETING

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

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

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

2016 Annual General Meeting

The 2016 Annual General Meeting adopted the annual report and consolidated financial statements for 2015 as presented by the Board of Directors and the CEO, decided on the allocation of the company's profit and granted the directors and CEO discharge from liability.

In addition, the chairman of the Nomination Committee described the Committee's work during the year and the rationale behind the proposals presented. The general meeting decided on the remuneration of the Board and of the auditors in accordance with the Nomination Committee's proposals. It was resolved that the Board will comprise eight directors and accordingly re-elected Petra Einarsson, Bengt Kjell (who was elected as chairman), Matti Lievonen, Martin Lindqvist (President and CEO), Annika Lundius, John Tulloch and Lars Westerberg. Marika Fredriksson was elected to the Board. Kim Gran declined re-election to the Board. The general meeting decided that the number of auditors would comprise a registered firm of accountants. Accordingly, PricewaterhouseCoopers was re-elected for a term of office up to and including the 2017 Annual General Meeting. The general meeting resolved not to pay a dividend for the financial year 2015.

A quorate Board and the principal auditor were present at the annual general meeting. The minutes of the annual general meeting may be viewed at www.ssab.com.

Extraordinary General Meeting 2016

An Extraordinary General Meeting (EGM) was held in Stockholm on May 27, 2016. The EGM resolved to amend the articles of association in accordance with the Board of Directors' proposal. The EGM also resolved to approve the resolution by the Board of Directors on a new issue of class B shares with preferential rights for all existing shareholders (A and B shares). The rights issue resulted in an increase in the number of shares from 549,245,510 shares to 1,029,835,326 shares, corresponding to an increase of approximately 87.5 per cent. The share capital increased from SEK 4,833,360,488 to SEK 9,062,550,868.80. The reason for the rights issue was to strengthen the balance sheet and improve the financial flexibility in order to support the target of achieving industry-leading profitability and also to create financial preparedness for managing periods with low steel demand.

NOMINATION COMMITTEE

Duties of the Nomination Committee

The duties of the Nomination Committee include proposing to the annual general meeting a chairman of the Board of Directors, directors, auditors, a chairman of the annual general meeting, Board fees and auditor fees.

Procedure for the appointment of the Nomination Committee

The 2012 Annual General Meeting adopted a procedure regarding the appointment of the Nomination Committee. The procedure applies until amended through a resolution adopted at a future annual general meeting. According to the procedure, the chairman of the Board is tasked with requesting that no fewer than three and no more than five of the largest shareholders in terms of votes each appoint a member to constitute the Nomination Committee together with the chairman of the Board. There may be no more than six members in total. The chairman of the Nomination Committee is the representative of the largest shareholder. The composition of the Nomination Committee was announced on www.ssab.com on September 29, 2016.

NOMINATION COMMITTEE AHEAD OF THE 2017 ANNUAL GENERAL MEETING

Appointed by, name	Share (%) of voting capital as at December 31, 2016
Industrivärden, Lars Pettersson, Chairman	**18.2**
Solidium Oy, Kari Järvinen,	**11.0**
Swedbank Robur Funds, Åsa Nisell	**1.8**
Handelsbanken Funds, Magnus Strömer	**1.1**
Bengt Kjell, Chairman of the Board	**–**

Shareholders were able to submit proposals to the Nomination Committee by, for example, email, until December 31, 2016. The Nomination Committee's proposals will be published no later than in conjunction with the notice of the annual general meeting.

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

Work of the Nomination Committee ahead of the 2017 Annual General Meeting

The Nomination Committee has convened 3 times in 2016 since it was appointed in fall 2016. Three more meetings are planned before the Annual General Meeting.

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

Further, at the meeting at which the chairman of the Board was not present, the Nomination Committee was informed of the results of the evaluation of the chairman. The annual evaluation of the Board was conducted in conjunction with a Board meeting held during the fall. Prior to the evaluation, directors individually completed a relatively extensive questionnaire. Thereafter, the replies were compiled and formed the basis for the actual evaluation discussion at which the responses were reviewed in detail. The Nomination Committee has discussed the composition of the Board and agreed on the main requirements to be imposed on the directors, including the requirement for independent directors.

In its assessment of the Board's evaluation, the Nomination Committee particularly took into account the need for Board diversity and breadth, and the requirements to strive for gender balance on the Board. The Nomination Committee engages in continuous work in identifying and evaluating potential new directors.

In submitting proposals for fees to the Board of Directors and its committees, the Nomination Committee, among other things, conducted an overview of Board fees in similar companies. The Nomination Committee was assisted by the Audit Committee in submitting its proposals regarding the election of auditors and the fees for audit work.

BOARD OF DIRECTORS

Responsibilities of the Board

The overall task of the Board of Directors is to manage the Company's affairs in the best interests of both the Company and its shareholders. The Board must regularly assess the Group's financial position and evaluate the operative management. The Board decides, among other things, on matters concerning the Group's strategic focus and organization, and decides on important capital expenditure (exceeding SEK 50 million).

Each year, the Board must prepare proposals for guidelines regarding the determination of salary and other remuneration to the CEO and other members of the Company's senior management for decision at the annual general meeting.

Rules of procedure of the Board

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

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

Chairman of the Board

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

Composition of the Board

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

Work of the Board in 2016

In 2016, the Board of Directors held 13 meetings at which minutes were taken and at which the Board was quorate at all times. SSAB's General Counsel, who is not a director, served as secretary to the Board.

Safety work has top priority across the Group and at every meeting the Board keeps close track of lost time injury frequency and the corrective actions implemented by the Company. Again 2016 was yet another year characterized by oversupply of steel on the global market. During the spring, major efforts were undertaken to secure the Company's long-term financial position through a combination of a rights issue and re-financing program, which was completed during the first half of the year. Another principle theme for the Board was to monitor and ensure the Company's cost levels against prevailing market conditions. In addition, the Board has addressed the Company's key operating and strategic challenges such as methods and ways of working for continuous improvement in productivity and the most important focus areas to improve the Company's growth and profitability. The Board has also addressed matters concerning the environment, sustainability, ethics, control functions, corporate governance, etc.

BOARD OF DIRECTORS – APPOINTED BY THE ANNUAL GENERAL MEETING






Bengt Kjell (1954)	Petra Einarsson (1967)	Marika Fredriksson (1963)	Matti Lievonen (1958)	Martin Lindqvist (1962)	Annika Lundius (1951)
Chairman since 2015 MBA, Stockholm School of Economics Nationality: Swedish	BSc (Business Administration and Economics) Nationality: Swedish	MBA Nationality: Swedish	BSc (Engineering), eMBA Honorary Finnish title of Vuorineuvos DSc (Tech.) h.c. Nationality: Finnish	President and CEO BSc (Economics) Nationality: Swedish	LLM Nationality: Swedish
Elected to the Board					
2015	2014	2016	2014	2011	2011
Shareholding[1)]					
100,000 B shares	10,000 B shares	-	4,315 A shares 25,018 B shares	11,709 A shares 21,023 B shares	13,125 B shares
Previous appointments					
Acting President: Industrivärden, CEO: AB Handel och Industri, Vice President: Industrivärden, Senior partner: Navet AB, Board Chairman: Kungsleden AB, Skånska Byggvaror AB and Board Member: Höganäs AB, Skanska AB and Munters AB.	Financial Manager: Sandvik Materials Technology, President: Sandvik Strip product area and President: Sandvik Tube product area.	Senior Vice President, Finance, CFO: Gambro AB, CFO: Autoliv Inc (Stockholm, Sweden), Volvo Construction Equipment (Brussels, Belgium) and Volvo Construction Equipment International AB.	Director: Confederation of Finnish Industries, Rautaruukki Corporation, Finnish Oil and Gas Federation and EUROPIA, Several senior positions: UPM-Kymmene and Deputy Chairman of the Board: Confederation of European Paper Industries.	Director: Indutrade and Confederation of Swedish Enterprise, Head of business area: SSAB EMEA, CFO: SSAB AB and Chief controller: NCC.	Executive Vice President: Confederation of Swedish Enterprise, Legal Director and Financial Counselor: Swedish Ministry of Finance and CEO: Insurance Sweden and Swedish Insurance Employers' Association.
Current appointments					
Board Chairman: Hemfosa Fastigheter AB, Vice Chairman of the Board: Indutrade AB and Director: Industrivärden, ICA Gruppen AB and Pandox AB.	President: Sandvik Materials Technology business area (since 2013), Board member: Swedish Association of Industrial Employers and Member of the Council: Swedish Steel Producers' Association.	CFO & Group Executive Vice President: Vestas Wind Systems A/S, Board member: ÅF AB .	President and CEO: Neste Corporation (since 2008), Vice Board Chairman: Nynäs AB, Chairman of the Supervisory Board: Ilmarinen Mutual Pension Insurance Company, Vice Chairman of the Board: Chemical Industry Federation of Finland, Member of the Advisory Board: National Emergency Supply Agency (Finland) and Member of the Supervisory Board: the Finnish Fair Corporation.	President and CEO: SSAB (employed at SSAB since 1998), Chairman: Swedish Steel Producers Association and Director: Swedish Association of Industrial Employers.	Director: Industrivärden and AMF Pension.

[1)] Shareholdings include shares owned by closely-related persons.

Marika Fredriksson was elected to the Board on April 7, 2016 and replaced Kim Gran.

BOARD OF DIRECTORS – APPOINTED BY THE ANNUAL GENERAL MEETING

John Tulloch (1947)

Lars Westerberg (1948)

John Tulloch (1947)	Lars Westerberg (1948)
BA (AgrSc), MSc Nationality: American	MSc and BSc Nationality: Swedish
Elected to the Board	
2009	2006
Shareholding[1)]	
10,000 A shares 5,000 B shares	20,000 B shares
Previous appointments	
Executive Vice President, Steel & Chief Commercial Officer: IPSCO and Executive Vice President: SSAB and President of IPSCO Division.	Board Chairman: Husqvarna, Director: Meda, President and CEO: Gränges and President, CEO and Chairman: Autoliv.
Current appointments	
Director: Russel Metals Inc.	Director: AB Volvo, Sandvik and Stena.

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

BOARD OF DIRECTORS – APPOINTED BY THE EMPLOYEES

Sture Bergvall (1956)

Elected to the Board
2005

Current appointment
Electrician, SSAB Europe

Jimmy Gustavsson (1980)

Elected to the Board
2016

Current appointment
Smelter, SSAB Special Steels

Tomas Westman (1955)

Elected to the Board
2015

Current appointment
RM coordinator,
SSAB Europe

ALTERNATES

Tomas Jansson (1966)

Elected to the Board
2014

Current appointment
Sales Coordinator, SSAB Europe

Tomas Karlsson (1962)

Elected to the Board
2015

Current appointment
Maintenance mechanic,
SSAB Europe

Patrick Sjöholm (1965)

Elected to the Board
2011

Current appointment
Automation engineer,
SSAB Special Steels

[1)] Shareholdings include shares owned by closely-related persons.

Marika Fredriksson was elected to the Board on April 7, 2016 and replaced Kim Gran.

AUDITORS

Under its Articles of Association, SSAB has one or two external auditors, or one or two registered public accounting firms. The 2016 Annual General Meeting re-elected registered accounting firm PricewaterhouseCoopers for a further year.

Authorized public accountant Magnus Svensson Henryson has been principal auditor since 2012 and also signs off on the auditors of the listed company Industrivärden. In all, PricewaterhouseCoopers are the elected auditors in 29 out of 82 companies in the Large Cap segment and in 115 out of a total of 303 companies listed on Nasdaq OMX, Stockholm.

The external audit of the financial statements of the parent company and those of the Group, as well as management by the Board of Directors and the CEO, is conducted in accordance with International Standards on Auditing and Generally Accepted Auditing Practices in Sweden. The Company's principal auditor attends all meetings of the Audit Committee. The auditor attends at least one Board meeting a year, goes through the audit for the year and discusses the audit with the directors without the CEO and other members of the Company's management being present. See Note 2 in Financial reports for information regarding the auditor's fees.

REMUNERATION COMMITTEE

Duties

In addition to the chairman of the Board of Directors, the Remuneration Committee comprises one or more directors, who must normally be independent both of the Company and of the Company's top management, elected by the general meeting. Members of the Remuneration Committee must possess the required knowledge and experience of remuneration matters relating to senior executives. The CEO attends Committee meetings to report on matters. The Remuneration Committee's duties are stated in the Board's rules

		Attendance statistics 2016			Independent of	
MEMBER OF THE BOARD	Elected to the Board	Board meetings	Remuneration Committee	Audit Committee	The company and its management	The company's largest shareholders
Elected by the AGM						
Bengt Kjell, Chairman since 2015	2015	13	6	5	Yes	No, Board member of Industrivärden
Petra Einarsson	2014	12			Yes	Yes
Marika Fredriksson[1]	2016	6		3	Yes	Yes
Matti Lievonen	2014	13	5		Yes	Yes
Martin Lindqvist, President and CEO	2011	13			No, CEO at the company	Yes
Annika Lundius	2011	13		5	Yes	No, Board member of Industrivärden
John Tulloch	2009	12	6		No, former President of IPSCO Division	Yes
Lars Westerberg	2006	12		5	Yes	Yes
Employee representatives						
Sture Bergvall	2005	13			–	–
Jimmy Gustavsson[2]	2016	8			–	–
Tomas Westman	2015	13			–	–
Alternate members						
Tomas Jansson	2014	13			–	–
Tomas Karlsson	2015	13			–	–
Patrick Sjöholm	2011	13			–	–

For information about fees, see Note 2 in Financial reports.
1) Newly elected on April 7, 2016 and replaced Kim Gran
2) Took up the position on April 7, 2016 and replaced Peter Holmér

of procedure. The Remuneration Committee submits proposals to the Board of Directors regarding the CEO's salary and other employment terms and conditions, sets salaries and employment terms for other members of the Group Executive Committee, and sets limits regarding the salary and employment terms and conditions for other senior executives. The Remuneration Committee's duties otherwise include preparing resolutions for adoption by the Board on issues concerning remuneration principles, preparing the Board's proposal for guidelines to determine the salary and other remuneration of the CEO and other members of the Company's senior management, as well as monitoring and evaluating the application thereof. The Remuneration Committee also monitors and evaluates programs regarding variable remuneration of the Company's senior management.

Work in 2016

During 2016, the Remuneration Committee held 6 meetings at which minutes were taken. The Remuneration Committee comprised Bengt Kjell (chairman), John Tulloch and Matti Lievonen (who replaced Kim Gran following the AGM held on April 7, 2016). The CEO is co-opted to the Committee but does not participate in discussions concerning his own salary and employment terms and conditions.

AUDIT COMMITTEE

Duties

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

The duties of the Audit Committee are stated in the Board's rules of procedure. The chairman of the Audit Committee is responsible for ensuring that the entire Board is kept regularly informed about the Committee's work and, where necessary, must submit matters to the Board for decision. The main task of the Audit Committee is to support the Board in its work to ensure the quality of financial reporting. The Audit Committee oversees the Company's internal control and risk management regarding financial reporting. The Audit Committee assists also the Company's Nomination Committee with preparing proposals for a general meeting resolution on the election of auditors. The Committee regularly meets the Company's auditors, evaluates the audit work and establishes guidelines as to which additional services the Company may source from its external auditors. Such additional services, up to a maximum of SEK 100,000 per assignment, must be approved in advance by the Company's Chief Financial Officer. Assignments exceeding SEK 100,000 must be approved in advance by the chairman of the Audit Committee. All additional services must be reported to the Audit Committee each quarter.

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

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

Work in 2016

During 2016, the Audit Committee focused on SSAB's financial situation and worked actively on the finance package presented during the year and which included a rights issue, extension of the maturity of existing loans and a new credit facility. The Audit Committee also approved a new policy on which additional services the Company may procure from Company's auditor. The Audit Committee, together with the external auditors, reviewed and analyzed the risk analysis and audit plan prepared by the auditors as a basis for the statutory audit.

The Audit Committee's members were Lars Westerberg (chairman), Bengt Kjell, Annika Lundius and Marika Fredriksson (who took up office after the Annual General Meeting of April 7, 2016). In 2016, the Audit Committee held 5 meetings at which minutes were taken.

GROUP EXECUTIVE COMMITTEE





Martin Lindqvist (1962)	Olavi Huhtala (1962)	Charles Schmitt (1959)	Per Olof Stark (1954)	Jonas Bergstrand (1965)
President and CEO Nationality: Swedish	Executive Vice President and Head of SSAB Europe Nationality: Finnish	Executive Vice President and Head of SSAB Americas Nationality: American	Executive Vice President and Head of SSAB Special Steels Nationality: Swedish	Executive Vice President, Legal & Strategy Nationality: Swedish
Member of the Group Executive Committee				
2001	2014	2011	2014	2006
Shareholding[1)]				
11,709 A shares 21,023 B shares	17,578 A shares 72,873 B shares	-	2,000 A shares 1,750 B shares	19,125 B shares
Education				
BSc (Economics), Uppsala University.	BSc (Engineering).	BSc (Business Administration/ Finance). The University of Texas at Arlington, two-year steel fellowship at the American Iron and Steel Institute.	MSc, KTH Royal Institute of Technology, Stockholm.	LLM, Uppsala University.
Background				
Employed at SSAB since 1998. Previously: Head of business area: SSAB EMEA, Head of business area: SSAB Strip Products, CFO: SSAB AB, CFO: SSAB Strip and Chief Controller: NCC.	Employed at Rautaruukki/SSAB since 1987. Previously: EVP: Ruukki Metals, President: Ruukki Fabrication and Executive roles in Sales and Production: Rautaruukki Metform.	Employed at IPSCO/SSAB since 1990. Previously: Several positions: US Steel Corporation and VP of the Southern Business Unit: SSAB Americas.	Employed at SSAB since 1983. Previously: Head of business unit: SSAB Wear Services. President: wholly owned subsidiary Plannja. Head of Global Marketing, Sales and Product Development: former SSAB Plate Division. Head of business area: SSAB Plate Europe and North America.	Employed at SSAB since 2006. Previously: Corporate counsel: ABB, OM Gruppen and Ericsson Radio Systems.

[1)] Shareholdings include shares held by closely-related persons.

Monika Gutén and Gregoire Parenty stood down from their positions on the Group Executive Committee on February 1, 2016. Monika Gutén took up the position as Head of Tibnor Sweden and Gregoire Parenty as Head of SSAB Services. Maria Långberg was appointed Executive Vice President and Head of HR and Sustainability and became a member of the Group Executive Committee on February 1, 2016.

GROUP EXECUTIVE COMMITTEE

Håkan Folin (1976)	Maria Långberg (1970)	Taina Kyllönen (1967)	Martin Pei (1963)
Executive Vice President and CFO Nationality: Swedish	Executive Vice President and Head of Group HR & Sustainability Nationality: Swedish	Executive Vice President and Head of Group Communications Nationality: Finnish	Executive Vice President and CTO Nationality: Swedish
Member of the Group Executive Committee			
2013	2016	2014	2007
Shareholding[1)]			
9,566 B shares	3,826 B shares	6,188 A shares 22,098 B shares	300 A shares 700 B shares
Education			
MSc, KTH Royal Institute of Technology, Stockholm.	BSc (Business Administration), Uppsala University MBA, Stockholm School of Economics.	MSc (Economics), Aalto University, Helsinki.	PhD, KTH Royal Institute of Technology, Stockholm.
Background			
Employed at SSAB since 2006. Previously: CFO: SSAB APAC, CFO: Tibnor and Head of Business Development: SSAB.	Employed at SSAB since 2013. Previously: President Merox and VP Group Sustainability, SSAB, EVP & Head of Group Communications, SSAB, Senior Consultant, JKL, SVP Group Communications, Gambro.	Employed at Rautaruukki/SSAB since 2004. Previously: SVP, Marketing and Communications; SVP, Marketing; VP, Communications and Branding: Rautaruukki Corporation and VP, Investor Relations: Metso Corporation and Rauma Corporation.	Employed at SSAB since 2001. Previously: EVP, Head of business area: SSAB APAC, EVP, Technical Director: SSAB, Manager R&D: SSAB Plate Division and General Manager Slab Production: SSAB Plate Division.

1) Shareholdings include shares held by closely-related persons.

Monika Gutén and Gregoire Parenty stood down from their positions on the Group Executive Committee on February 1, 2016. Monika Gutén took up the position as Head of Tibnor Sweden and Gregoire Parenty as Head of SSAB Services. Maria Långberg was appointed Executive Vice President and Head of HR and Sustainability and became a member of the Group Executive Committee on February 1, 2016.

GROUP EXECUTIVE COMMITTEE

Group Executive Committee's work and responsibilities

The Group Executive Committee is responsible for formulating and implementing the Group's overall strategies and addresses matters such as acquisitions and divestments. These matters, as well as major capital expenditures (in excess of SEK 50 million), are prepared by the Group Executive Committee for decision by the Board of Directors of the parent company.

The CEO is responsible for the day-to-day management of the Company in accordance with the Board of Directors' instructions and guidelines. As at December 31, 2016, the Group Executive Committee comprised, in addition to the CEO, the heads of SSAB Europe, SSAB Americas and SSAB Special Steels, the Chief Financial Officer, the Head of Legal and Strategy, the Head of Group Human Resources and Sustainability, the Head of Technical Development and the Head of Group Communications.

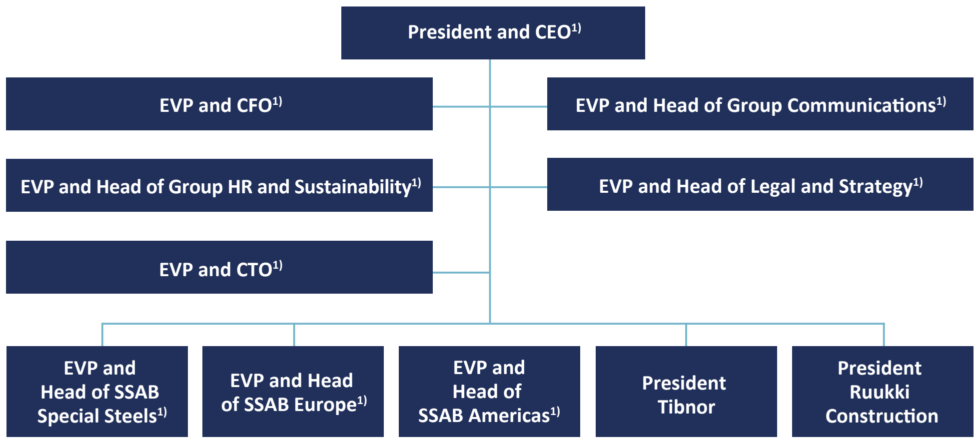
The Group Executive Committee holds monthly meetings to monitor the results and financial position of the Group and the divisions. Other matters addressed at Group Executive Committee meetings include strategy issues and follow-up on budget and forecasts.

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

REMUNERATION GUIDELINES

The 2016 Annual General Meeting resolved that the remuneration of the CEO and other members of the Company's senior management comprises fixed salary, possible variable remuneration, other benefits such as a company car and pension. The total remuneration package must be on market terms and competitive in the employment market in which the executive works. Fixed salary and variable remuneration must be commensurate with the executive's responsibilities and powers. Variable remuneration must be based on results as compared with defined and measurable targets and capped in relation to fixed salary. Variable remuneration is not included in the basis for the computation of pension, except where so provided in the rules of a general pension plan (for example, the Swedish ITP plan). As regards senior executives outside Sweden, all or parts of the variable remuneration may be included in the basis for pension computation due to legislation or local market practice. Programs for variable remuneration should be formulated so that the Board of Directors, where exceptional circumstances prevail, limit or omit payment of variable remuneration where this is considered reasonable and consistent with the company's responsibility to its shareholders, employees and other stakeholders. To the extent a director performs work for the company alongside his or her Board work, a consultation fee at market rates may be paid. The Board is entitled to derogate from the guidelines where there are special reasons to do so in an individual case.

Group operational management structure



[1] Member of Group Executive Committee

Incentive program for senior executives

In 2011, a long-term incentive program was introduced for the entire Group. At the time the program covered a maximum of 100 (now 150) key employees, including the CEO and other senior executives. The program runs for rolling three-year periods, is cash based, and linked to the total return on SSAB's share compared to a benchmark group of the Company's competitors. The program was introduced to promote the Company's ability to recruit and retain key employees. Reference is made to Note 2 for more information about current remuneration. The Company has no share-related incentive programs.

INTERNAL CONTROL AND RISK MANAGEMENT

The overall objective of internal control is to ensure, to a reasonable degree, that the Company's operational strategies and targets are monitored and that the owners' investments are protected. In addition, internal control ensures, with reasonable certainty, that external financial reporting is reliable and prepared in accordance with generally accepted auditing principles, and that it complies with applicable laws and regulations and the requirements imposed on listed companies.

The Group is tasked with seeking to ensure that risks do not materialize and, through various measures, with mitigating the fallout of any loss that occurs. Risk mapping of the Group's internal and external risks is carried out as an integrated part of the annual strategy process. The result of this work is reported to the Audit Committee and to the Board of Directors. The Group's Risk Management oversees and follows up both work on actively preventing the occurrence of loss at all and work on minimizing the impact of such loss should it occur. Each division and subsidiary is responsible for working proactively to prevent loss. Each division has appointed a coordinating risk manager.

SUSTAINABILITY RISKS

SSAB is responsible for not only how it runs its own operations and the working conditions of its employees, but also for the overall social impact of its operations. This means assuming responsibility for how all the links in the Company's value chain are managed, from supplier to future use of the Company's products. It is also about companies minimizing their environmental footprint by improving the efficiency of their production processes and working practices, as well as developing products that contribute to reduced emissions and lower environmental impacts.

Since fall 2014, SSAB has had a Head of Group Sustainability, who is nowadays on the Group Executive Committee, and who is tasked with coordinating and driving sustainability issues at the Group level. At the Group level, the Head of Group Sustainability heads a Sustainability Management Team, whose members create a network of expertise within, for example, HR, the environment, health and safety and business ethics.

INTERNAL AUDIT

SSAB's internal audit function reports directly to the Audit Committee and is functionally subordinate to the Chief Financial Officer. Internal audit activities are aimed at supporting value creation in the Group by identifying risk areas, carrying out internal audits and thereafter recommending improvements within these areas. The internal auditor participates in Audit Committee meetings.

The internal audit is organized at an overall Group level, with an audit plan drawn up for the entire Group. The Group's audit activities are planned by the head of internal audit and decided by the Audit Committee.

Most of the work is performed by means of audits in accordance with the audit plan. Other work largely consists of specific audits and the monitoring of self-assessments in the Group as regards internal control.

Audits are performed in accordance with a submitted and adopted audit process which is constantly developed in order to optimize the way of working and delivery of reports which generate added value. These reports describe observations, recommendations and improvement areas, with the aim of strengthening and enhancing efficiency in risk management and internal control. In addition, the function also performs audits on instruction from management or as required for other reasons. For a further description of internal audit work in 2016, see the next section "The Board's description of internal control and risk management regarding financial reporting".

During the year, internal audit performed a number of audits of subsidiaries according to the Company's manual to audit the risks of fraud and corruption. Whilst these audits have shown no concrete irregularities, opportunities have been identified to reduce risks from this perspective. These improvement opportunities will be solved in accordance with action plans drawn up.

To further strengthen internal control and risk management, a whistleblower function is in place to enable the reporting of serious improprieties and violations of the Group's Code of Conduct. This function is aimed, among other things, at guaranteeing safety in the workplace, upholding sound business ethics and curbing economic irregularities within SSAB to the benefit of the Company's employees, customers, suppliers and owners.

THE BOARD'S DESCRIPTION OF INTERNAL CONTROL AND RISK MANAGEMENT REGARDING FINANCIAL REPORTING

Under the Swedish Companies Act and the Swedish Corporate Governance Code, SSAB's Board of Directors is responsible for internal control. This description has been prepared in accordance with the Annual Reports Act.

Framework for internal control as regards financial reporting

SSAB's financial reporting model is based on the internationally established framework, Internal Control Integrated Framework, issued by the Committee of Sponsoring Organizations of the Treadway Commission ("COSO").

SSAB's internal control process regarding financial reporting is based on five components: control environment, risk assessment, control activities, information and communication and monitoring. SSAB's internal control process is structured to reasonably ensure the quality and accuracy of financial reporting and to ensure that reporting is prepared in compliance with applicable laws and regulations, accounting standards as well as requirements imposed on listed companies in Sweden.

To achieve this, there must be a sound control environment, reliable risk assessments, established control activities, as well as the satisfactory functioning of information and communication and monitoring.

Control environment

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

The quality of financial reporting is ensured through a number of different measures and routines. Work takes place regularly on further developing manuals and policies for the entire Group. Among other things, there is a Group accounting manual (Financial Guidelines), which is regularly updated and communicated across the Group. Apart from the Financial Guidelines, the Group's most important overall control documents are the Finance Policy, Investment Policy, Information Policy, authorization rules and the Code of Conduct.

All divisions have adopted guidelines on business ethics. Work on communicating the Group's Code of Conduct continued during 2016 and by the turn of 2016/2017, 90% of employees had completed the Group's internal training module on business ethics.

Risk assessment

SSAB's organization is exposed to both internal and external risks. To reasonably ensure sound internal control, the risks which may affect financial reporting are identified and weighed up, and measures are taken accordingly. This constitutes an integrated part of the regular reporting to the Group Executive Committee and to the Board of Directors, and also constitutes the basis for assessing the risk of error in financial reporting. SSAB's operations are characterized by processes involving well-established routines and systems. Risk assessment therefore takes place largely within these processes. Only general risk assessments take place at the Group level. The persons responsible identify, monitor and follow up risks. This creates the conditions for well-founded, correct business decisions at all levels. Financial risks, such as currency, re-financing and counterparty, interest rate and credit risks are dealt with primarily by the parent company's treasury function in accordance with the Group's Finance Policy (see Note 28 in Financial reports). For an overview of the Group's commercial risk exposure, see also the section "Internal control and risk management" above and the Report of the Board of Directors.

Control activities

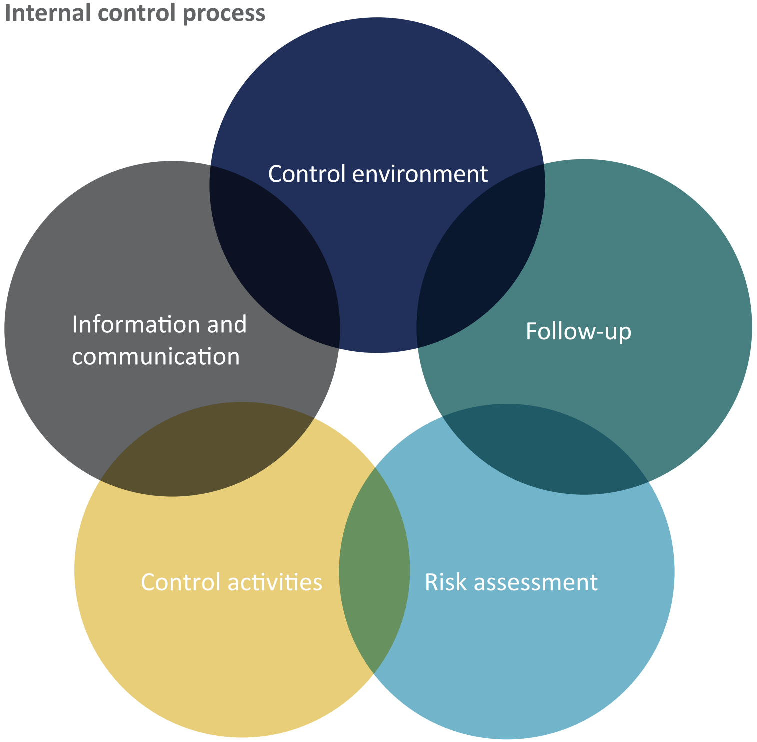
The primary purpose of control activities is to prevent and identify at an early stage significant financial reporting errors so that they can be addressed and rectified. Control activities, both manual and automated, take place both at general and more detailed levels within the Group. Routines and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

Recent years have seen an in-depth analysis carried out on the processes and control structures in Group companies. This has resulted in a more systematic approach to identifying financial risks and financial reporting risks, as well as documentation of controls as to how such risks are to be prevented and identified. The controls are adapted to each unit's work processes and systems structure, and these are evaluated through self-assessment supplemented with monitoring and review by internal audit. This way of working has been implemented in a system covering the entire Group which is used when verifying the reliability of financial reporting. During 2015, work started on merging this way of working and system in the acquired company Rautaruukki and this work continued in 2016.

The Group has a joint consolidation system where all legal entities report.
This provides sound internal control of financial reporting.

Control activities are carried out at all levels across the Group. For example, there are established Controller functions which analyze and follow up deviations and forward reports in the Company. Monitoring by the Group Executive Committee takes place, among other things, through regular meetings with heads of divisions and subsidiaries with regard to operations,

Internal control process



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

Work on closing the accounts and on the annual report involves processes in which additional risks of error in financial reporting arise. This work is less repetitive by nature and contains several elements of an assessment nature. Important control activities include ensuring the existence of a well-functioning reporting structure where the divisions report in accordance with standardized reporting templates and where important income statement and balance sheet items are specified and commented on.

Information and communication

EXTERNALLY

SSAB's communications must be correct, open, prompt and available simultaneously to all stakeholders. All communications must take place in compliance with the rules of Nasdaq OMX Stockholm and Nasdaq OMX Helsinki and in compliance with other regulations. Financial information must provide the capital and stock markets, as well as existing and potential shareholders, with a comprehensive and clear view of the Company, its operations, strategy and financial performance.

The Board of Directors approves the Group's annual and half-yearly reports and instructs the CEO, in accordance with the Board's rules of procedure, to issue quarterly reports and year-end results. All financial reports and press releases are published on www.ssab.com simultaneously with disclosure via Nasdaq OMX Stockholm and Nasdaq OMX Helsinki and notification to Finansinspektionen, Sweden's financial supervisory authority.

Financial information about the Group may be provided only by the Chairman of the Board, CEO, CFO, Head of Group Communications and Head of Investor Relations. The divisions disseminate financial information about their operations only after the Group has published corresponding information.

The Company applies silent periods during which it does not communicate information about the Company's performance. Silent periods are three weeks prior to publication of the results for the year-end, half-yearly and quarterly reports.

In the event of a leakage of price-sensitive information or upon the occurrence of special events that may affect the valuation of the Company, Nasdaq OMX Stockholm and Nasdaq OMX Helsinki must be notified, after which a press release containing corresponding information will be sent out. Informational activities are governed by the Company's information policy.

INTERNALLY

The local intranets, where information is constantly published, constitute important communications channels within the Company. Additionally, there are internal webcasts for all personnel each quarter. Regular joint accounting meetings are held with divisional chief financial officers. This is how the divisions are updated about the news and changes within, among other things, accounting, routines and internal control with respect to financial reporting. In addition, the parent company regularly communicates changes in joint Group accounting principles and policies, as well as other matters relevant to financial reporting.

Monitoring

The Board of Directors' monitoring of internal control with respect to financial reporting takes place primarily through the Audit Committee by, among other things, monitoring the work of and reports issued by the internal and external auditors.

During 2016, internal audit conducted regular and independent audits of the Group's corporate governance, internal control and risk management in accordance with the adopted audit plan. The audit plan for 2016 was based on a risk analysis approved by the Group Executive Committee and subsequently adopted by the Audit Committee. The reviews were conducted in accordance with an adopted audit process and formally concluded with a report and planned follow-up. The result has been regularly submitted to divisional heads and the Audit Committee as regards observations, measures taken and implementation status.

Each year, the external auditors monitor selected parts of internal control within the scope of the statutory audit.

The external auditors report the results of their review to the Audit Committee and the Group Executive Committee. Major observations are also reported directly to the Board of Directors.

OTHER MANDATORY DISCLOSURES PURSUANT TO CHAPTER 6, SECTION 6 OF THE ANNUAL REPORTS ACT

The following information is provided pursuant to the provisions of Chapter 6, Section 6 of the Annual Accounts Act regarding certain specific information that must be disclosed in the corporate governance report:

- Of the Company's shareholders, Industrivärden and Solidium Oy have direct or indirect shareholdings representing at least one-tenth (1/10) of the voting rights carried by all shares in the Company. As at December 31, 2016, Industrivärden's holding account for 18.2% of the total voting rights and 11.4% of the total number of shares. As at December 31, 2016, Solidium's holding accounted for 11.0% of the total voting rights and 17.1% of the total number of shares.
- There are no restrictions on the number of votes that each shareholder may cast at a general meeting.
- Under the Articles of Association, the directors are appointed at the Company's annual general meeting. The Articles of Association contain no provisions regarding the removal of directors or the amendment of the Articles of Association.
- The general meeting has not granted the Board of Directors authority to decide that the Company may purchase its own shares.

Further information

Further information about corporate governance at SSAB is available at www.ssab.com and includes the following information:

- Routines regarding the annual general meeting:
  - when the annual general meeting is to be held
  - notice of the meeting and how to register
  - the resolutions to be proposed to the annual general meeting
- Information from SSAB's previous annual general meetings (since 2005), including notices, minutes, addresses by the CEO and releases
- Articles of Association
- Corporate governance reports from previous years
- Information about the Nomination Committee

AUDITOR'S REPORT ON THE CORPORATE GOVERNANCE STATEMENT

To the general meeting of the shareholders in SSAB AB (publ), corporate identity number 556016-3429

Engagement and responsibility

We have audited the corporate governance statement for the year 2016 on pages 1–17. It is the board of directors who is responsible for the corporate governance statement and that it has been prepared in accordance with the Annual Accounts Act. Our responsibility is to express an opinion on the corporate governance statement based on our audit.

The scope of the audit

We conducted our audit in accordance with FAR`s auditing standard RevU 16 The auditor's examination of the corporate governance statement. That standard requires that we have planned and performed the audit to obtain reasonable assurance that the corporate governance statement is free of material misstatements. An audit includes examining, on a test basis, evidence supporting the information included in the corporate governance statement. We believe that our audit procedures provide a reasonable basis for our opinions.

Opinion

A corporate governance statement has been prepared. It is consistent with the annual accounts and the consolidated accounts and is in accordance with the Annual Accounts Act.

Stockholm, 24 February 2017
PricewaterhouseCoopers AB

Magnus Svensson Henryson
Authorized Accountant

GRI REPORT

GRI REPORT

SUSTAINABILITY REPORTING 2016

SSAB's GRI Report 2016 has been prepared in accordance with the "Core" option of the GRI (Global Reporting Initiative) G4 guidelines. It is comprised of information on SSAB's sustainability-related targets, activities and performance during 2016. SSAB's 2016 Annual Report consists of the Business review, Financial reports, GRI report and Corporate governance report. The GRI report is intended to be read together with the other sections of SSAB's 2016 Annual Report, where more information with regard to SSAB's business, strategy, financial performance and corporate governance is published. The other sections include some of the GRI G4 Disclosures according to GRI G4 guidelines.

The GRI report defines the scope and principles of SSAB's sustainability reporting, describes the selected material aspects, aspect boundaries and indicators. It includes the management approach of the selected material aspects and information on the GRI Disclosures, which are not reported elsewhere in the SSAB's 2016 Annual Report. The GRI content index at the end of this report specifies where the information for each aspect and indicator can be found and explains any omissions to the reported data. The 2016 Annual Report also constitutes Communication on Progress (CoP) reporting to UN's Global Compact, where activities and results related to Global Compact´s principles are reported.

The information disclosed in this report focuses on material information and data, whereas more comprehensive sustainability information is available on SSAB's sustainability website. The GRI report is published in English in a pdf format that is available on SSAB's website. SSAB reports about its sustainability performance annually.

SSAB's Sustainability website

MATERIALITY ANALYSIS PROCESS AND RESULTS

SSAB has conducted a materiality analysis to define its most relevant and material sustainability aspects. The materiality analysis defined 12 aspects that form the base for SSAB's sustainability strategy and work. These aspects were divided into three sustainability focus areas: sustainable offering, sustainable operations and responsible partner. Following the merger between SSAB and Rautaruukki in 2014, a renewed sustainability strategy and targets for SSAB were defined and published in 2015. The results of the materiality analysis formed a platform to define the sustainability strategy and targets as well as served as a tool to define the scope and boundaries of SSAB's GRI reporting.

G4-18: Process for defining report content and aspect boundaries

Material aspects were identified and prioritized in a process that involved external and internal stakeholders. The process is described briefly below.

INVENTORY AND MAPPING OF RELEVANT SUSTAINABILITY TOPICS AND IMPACTS

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

STAKEHOLDER DIALOG AND PRIORITIZATION OF MATERIAL ASPECTS

As a second step, the aspects identified in the background analysis were evaluated and ranked according to importance from the perspectives of both SSAB and external stakeholders. This was done through interviews with external stakeholders (customers, suppliers, investors, NGOs and industry associations) and a web-based survey with key external and internal stakeholders to further prioritize the aspects. The results of the dialog with internal and external stakeholders were then evaluated in workshops with internal experts, and confirmed by SSAB's Group Executive Committee.

As a result of the materiality assessment, SSAB identified the following aspects as being material.

SUSTAINABLE OFFERING

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

There are significant environmental benefits to be gained when upgrading to high-strength steels. Since high-strength steels are stronger than ordinary steels, less steel is needed to produce a specific steel application. This reduces the emissions from steel production. “Moving applications,” such as vehicles, excavators and cranes made of high-strength steels, have less weight, which in turn cuts fuel consumption or increases their payload. Stronger steel also means extended product lifetime, thereby also reducing emissions.

Customer satisfaction

Customer satisfaction is a measure of how products and services supplied by a company meet or exceed customer expectations. In a competitive marketplace, customer satisfaction is a key differentiator and key element of business strategy. Today, various aspects of sustainability – product lifecycle approach, material- and energy-efficient processes, and a responsible value chain – are increasingly important parameters impacting overall customer satisfaction.

SUSTAINABLE OPERATIONS

Health and safety

Steel production includes exposed and dangerous environments. This is why it is extremely important to have a strong focus on health and safety to minimize the risks of accidents. This responsibility encompasses company employees and contractors, as well as visitors to SSAB sites.

Emissions from steel production

Coke and coal are used in blast furnaces to reduce iron ore in the production of crude iron/hot metal. Today, it is impossible to produce steel without generating CO_2 emissions. The process, which has been used for centuries, has been continually developed and improved to become highly efficient, and the residual energy is recovered in the form of district heating and electricity production. Scrap-based steel production emits significantly less CO_2. Since there is not enough scrap available for recycling to meet the demand for new steel, ore-based steel production using blast furnaces is still needed. Today, the scrap-based steel production meets 30% of the global demand for new steel.

Energy efficiency

Energy efficiency is aimed at reducing the amount of energy required to produce products and provide services. Steel companies can reduce costs by finding alternative energy sources that create less emissions, by using less purchased energy and by feeding surplus energy into the grid. From a lifecycle perspective, this also creates positive effects and saves natural resources, thereby reducing CO_2 emissions.

Material efficiency

Material efficiency means making more out of less material, resulting in increased efficiency in the use of natural resources. The production of iron and steel creates a range of residuals. Recirculating ferrous material back into the steelmaking process reduces the need for virgin raw materials. This, in turn, reduces CO_2 emissions and saves costs. Material that cannot be recirculated internally can be processed and sold externally to create new revenue streams while reducing CO_2 emissions by substituting natural resources in other industries. For example, blast furnace slag enables the cement industry to significantly reduce their CO_2 emissions. Increasing internal recirculation of residuals and external sales of by-products will lead to reduced waste and less material will be sent to landfill.

Recycling

A critical element in reducing carbon emissions originating in the steel lifecycle is to optimize steel recycling. Steel is almost unique in its capacity to be infinitely recycled without loss of properties or performance. Steel is today the most recycled material in the world.

Competence and leadership development

It is critical for a company to attract, develop and retain people with the right competencies and mindset. To do this, it is important to work actively with performance dialogs between managers and employees, management reviews and succession planning, leadership training programs, employee development programs, and diversity training and inclusion.

Diversity

One of the most important challenges today is to engage, retain and attract employees with the right skill sets. The creation of a more diverse workforce with different competences, experiences and backgrounds, and a workplace where everyone has equal opportunities, will lead to a stronger company culture and help to achieve better results.

RESPONSIBLE PARTNER

Anti-corruption/Business ethics

In today’s globalized world, anti-corruption and business ethics have become increasingly important for companies. Failure to address corruption, bribery and other issues related to business ethics will have negative impacts on the company’s reputation and brand. Anti-corruption and ethics at SSAB are governed by SSAB’s Code of Conduct and the SSAB Anti-Corruption policy.

Labor/human rights in the supply chain

Today, companies are increasingly expected to take responsibility, not only for labor and human rights in their own operations, but also within their supply chain. This includes evaluating supplier risks and suppliers´ ability to address labor and human rights, including no use of child or forced labor, a healthy and safe work environment, etc. Conducting risk assessments and supply chain monitoring through self-assessment questionnaires, audits and other follow-up systems are important tools, in addition to the SSAB Supplier Sustainability policy.

Financial and operational performance

SSAB believes that managing its business in a sustainable way will increase SSAB’s possibilities to deliver strong long-term financial and operational results. That is why financial and operational performance is not included in one of the three focus areas, but rather should be seen as the outcome of performing well in all three areas.

G4-19–21: Identified material aspects and aspect boundaries
The material aspects included in SSAB's 2016 reporting are based on the process described earlier and are in line with the three sustainability focus areas and the aspects under each area. The GRI principles – stakeholder inclusiveness, sustainability context, materiality and completeness – were taken into consideration throughout the process. The aspects and indicators related to each focus area are presented in the ascending table, which also defines the aspect boundaries.

G4-19–21 IDENTIFIED MATERIAL ASPECTS AND ASPECT BOUNDARIES

MATERIAL SUSTAINABILITY ASPECTS DEFINED IN THE MATERIALITY ANALYSIS	MATERIAL ASPECTS IN GRI G4 REPORTING	ASPECT BOUNDARY WITHIN THE ORGANIZATION	ASPECT BOUNDARY OUTSIDE THE ORGANIZATION	REPORTED INDICATORS
Sustainable offering				
Potential of SSAB´s products and solutions, incl. high-strength steels	G4-EN Products and services	SSAB Group	Customers	G4-EN27
Customer satisfaction	No relevant aspect in GRI, reported in Business Review			
Sustainable operations				
Health & Safety	G4-LA Occupational health and safety	SSAB Group	Contractors	G4-LA5, G4-LA6
Emissions from steel production	G4-EN Emissions	SSAB's production sites		G4-EN15, EN16, EN18, EN19, EN21
Energy efficiency	G4-EN Energy	SSAB's production sites		G4-EN3, EN5, EN6
Material efficiency	G4-EN Materials, G4-EN Effluents and waste	SSAB's production sites		G4-EN1, EN2, EN23
Recycling	G4-EN Materials, G4-EN Effluents and waste	SSAB's production sites		G4-EN1, EN2
Competence and leadership development	G4-LA Employment G4-LA Training and education	SSAB Group		G4-LA1, LA10
Diversity	G4-LA Diversity and equal opportunity	SSAB Group		LA12
Responsible partner				
Anti-corruption/Business ethics	G4-SO Anti-corruption	SSAB Group	Suppliers	G4-SO4
Labor/human rights in the supply chain	G4-LA Supplier assessment for labor practices G4-HR Supplier assessment for human rights		Suppliers	
Other aspects reported				
Category: Environmental	G4-EN Water	SSAB's production sites		G4-EN8

Reporting scope and data collection

The scope of SSAB's GRI reporting is the SSAB Group and it excludes associated companies and joint ventures as well as subcontractors and suppliers of goods and services, unless otherwise stated.

The financial information describing economic responsibility in this report is based on SSAB's consolidated financial statements and is subject to audit.

Information about personnel has been collected from the company's corporate-wide personnel information systems. Unless otherwise stated, the data referred to in this report covers the whole of SSAB.

SSAB merged with Rautaruukki in 2014 and in order to be able to report on the combined company's environmental performance, SSAB developed environmental data collection at the Group level in 2015. The new data system is used to collect and analyze data from all sites that contribute significantly to SSAB's environmental impacts. The following sites are included in the environmental reporting scope in 2016:

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

These sites cover the following operations: all steel mills, all rolling mills, all coating lines and all tube mills. Also cut-to-length (CTL) lines are included, if they are located at the sites mentioned on the list above. The environmental data for 2012–2014 have been restated to include the same units as the 2015 and 2016 data.

In this year's report some minor adjustments were made to the historical data. Some of the environmental data related to the scrap-based steel production in US was earlier given in short tons. In this report all data for mass was converted into metric tons. Regarding indirect CO_2 emissions (Scope 2, from the generation of purchased electricity), updated emission factors from the U.S. Environmental Protection Agency have been applied for Scope 2 emission calculations for the steel production in US in 2014 and onwards.

This GRI Report has not been verified by an external party. The data have been checked by comparing them with the data for previous years at both the site and corporate level. Any divergences have been analyzed. Figures in brackets refer to the comparison period 2015.

SUSTAINABILITY MANAGEMENT APPROACH (G4-DMA)

SSAB has had a Group-level sustainability function since September, 2014, with the mission to strengthen the coordination of sustainability efforts across the company. The aim is both to maximize the business value of sustainability initiatives and minimize the negative impact of SSAB's business and operations and to better mitigate risks related to sustainability.

SSAB'S SUSTAINABILITY ORGANIZATION

SSAB's Executive Vice President and Head of HR and Sustainability is responsible for coordinating and driving sustainability work at the Group level. She is a member of the Group Executive Committee and reports directly to the President & CEO of SSAB. SSAB's Sustainability Management Team consists of a network of people with expertise in critical sustainability areas, with the responsibility to coordinate and drive SSAB's sustainability initiatives. Sustainability issues are frequently on SSAB´s Group Executive Committee's agenda to ensure the close involvement of top management in important sustainability issues.

In practice, sustainability is integrated into the day-to-day work at production sites, global divisions and support functions. Each member of the Sustainability Management team works closely with relevant people across the organization to ensure the involvement of key experts and divisional representation in the sustainability work.

To support work related to environmental issues, SSAB has an Environmental Council, which includes representatives from each division and the main production sites as well as SSAB's subsidiaries, Ruukki Construction, Tibnor and Merox. The council is chaired by SSAB's Head of Environmental Affairs, who is also a member of the Sustainability Management Team. In issues related to responsible sourcing, the Vice President and Head of Ethics and Compliance works together with the procurement department.

SSAB links sustainability issues, such as safety KPIs, to remuneration. For example, internal safety targets are part of bonus plans for selected employee groups and top management. Individual performance targets might also include targets for emissions reductions or other sustainability related topics for selected employee groups.

POLICIES AND GUIDELINES

SSAB's vision and values are the foundation for SSAB's company culture and form the basis for policies and governing guidelines. The Code of Conduct, the Environmental Policy and the Health & Safety Policy are the most important Group policies governing sustainability issues. Also the Anti-Corruption Policy and the Supplier Sustainability Policy govern the way SSAB operates. More information on policies and guidelines can be found in the Responsible Partner section in the Business Review part of the Annual Report.

Business review, Responsible partner

MANAGEMENT SYSTEMS AND TOOLS

Management systems and action plans ensure the Group systematically carries out its work on critical sustainability issues. Several different management systems and tools are used to effectively control operations in accordance with SSAB's Code of Conduct, Environmental Policy and Health & Safety Policy.

Systems developed in-house, as well as third-party certified systems, are in place. Safety management systems for systematic health and safety work have been implemented at all production sites. OHSAS 18001 is one of the systems used. Environmental and climate work takes place primarily within the scope of the ISO 14001 environmental management standard and through local energy management systems.

SSAB's internal risk control and internal audits also cover work environment and environmental risks. To encourage reporting on any irregularities and suspected unlawful activities, SSAB has implemented an Ethics Line tool and business ethics training for all employees. Working with a responsible supply chain, environmental aspects and social issues are integrated into purchasing systems.

EVALUATION OF THE MANAGEMENT APPROACH

The management approach of each aspect is assessed as part of SSAB's sustainability management process and policies, guidelines and processes are improved accordingly to ensure achievement of the targets and to continuously improve SSAB's sustainability performance.

STAKEHOLDER ENGAGEMENT (G4-24 -27)

SSAB has many different stakeholders, who are important in the work to define sustainability priorities. Key stakeholders are those who are impacted by SSAB's operations and activities, and who similarly impact SSAB.

The following groups are considered as the most important stakeholder groups:

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

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

CONTINUOUS DIALOG WITH STAKEHOLDERS

SSAB aims for regular, honest and transparent interaction with its stakeholders. SSAB actively maintains and develops its stakeholder relations and draws on information obtained from stakeholders when developing its operations, products and services. Transparent and continuous dialog increases the trust in SSAB's ability to manage risks and utilize opportunities, which at the same time enhances the development of the company. Another aim of this dialog is to communicate the actions and measures taken within sustainability. At the same time, good communication is equally important from a stakeholder perspective so that SSAB can contribute to sustainability-related assessments from suppliers and customers, investors and sustainability rating agencies.

SSAB has close collaboration with its customers in application development and technical support. SSAB actively participates in trade fairs, seminars and invites customers to site visits and to the annual Swedish Steel Prize, a competition established by SSAB in 1999 to inspire and disseminate knowledge about high-strength steel and how it can be used to develop stronger, lighter and more sustainable products.

It is important for SSAB to have engaged, competent and motivated employees to create a high-performing organization. Annual performance dialogs between employees and managers are a key element in following up results, providing mutual feedback and setting targets for performance and individual development. SSAB also conducts regularly personnel surveys to measure the satisfaction and engagement of employees. The survey gives everyone the opportunity to be part of the discussion and give feedback.

SSAB engages its investors and analysts in dialog to ensure that the financial markets have correct and sufficient information to determine the value of the SSAB share. The dialog includes annual general meetings, financial reports, result conferences and webcasts, information on the company's website, press releases, investor and analyst meetings, seminars and site visits. In meetings with investors and analysts also sustainability related issues are discussed, such as SSAB's sustainability strategy and management, safety, climate change and energy.

SSAB's work in sustainability extends to the whole value chain and via regular meetings with suppliers and contractors and via supplier audits SSAB maintains a dialog with important suppliers on issues related to, among other things, contracts, social and environmental responsibility, quality and delivery accuracy.

SSAB actively engages with the local communities in which it operates and is often the largest employer and significant regional force. The way SSAB partners with local communities has been defined at a site level. Locally, in addition to the company's own employees, SSAB engages with politicians, regulators, the media and the general public, people living close to the production sites. SSAB aims to promote sustainable development of the local communities, participates in local initiatives, and sponsors selected local activities. In many places, SSAB works closely and organizes events with local universities and schools to engage potential future employees.

SSAB is involved in many research projects to drive technical developments and collaborates with industry associations on many topics such as emissions trading rights, as well as dealing with negotiations on permit matters related to environmental reporting.

Swedish Leadership for Sustainable Development (SLSD) network

In 2016, SSAB joined the Swedish Leadership for Sustainable Development (SLSD) network, which is a network of around 20 leading Swedish companies and NGOs with Swedish ties. The network was initiated in 2013 and is coordinated by the Swedish aid agency Sida. The UN´s new global goals for sustainable development (Sustainable Development Goals, SDG) are the basis of the network's activities. In conjunction with the adoption of the SDGs, the network members agreed on a shared commitment to contribute to the achievement of these goals by reducing their environmental impact and using resources more efficiently, creating jobs with decent conditions and combating corruption and unethical conduct. The network's CEOs meet once a year to evaluate the work conducted during the year and to set frameworks and guidelines for the next fiscal year.

G4-16 Memberships of Associations and National or International Advocacy Organizations

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

AREA OR COUNTRY	ORGANIZATIONS
Globally	World Steel Association
Europe	Eurofer, Euroslag, European Coil Coating Association ECCA, Eurometal, European Convention for Constructional Steelwork (ECCS)
North America	American Iron and Steel institute (AISI), National Association of Manufacturers (NAM)
Sweden	Jernkontoret, Svenskt Näringsliv (Confederation of Swedish Enterprise), SKGS (Skogen, Kemin, Gruvorna och Stålet), Steel and Metal Wholesalers Association, the Swedish Institute of Steel Construction, Swedish Mineral Processing Research Association, Swedish Cement and Concrete Research Institute
Finland	Finnish Metal Producers, Confederation of Finnish Industries EK, Suomen ElFi (Finnish Large Electricity Consumers), Finnish Constructional Steelwork Association, Confederations of Finnish Construction Industries, the Federation of Finnish Technology Industries, Finnish Coal Info

SUSTAINABILITY DATA

ECONOMIC IMPACTS

SSAB is aiming for industry-leading profitability. Achieving this depends on the company's ability to satisfy the needs of its customers better than its competitors, but also on fulfilling the expectations of other stakeholders. These include building long-term partnerships with suppliers, offering employees a safe workplace, competitive remuneration and good opportunities for personal development, as well as contributing to the well-being of the local communities in which the company operates. Long-term growth, financial stability and profitability are a foundation on which to develop and successfully deliver in the other aspects of sustainability – social and environmental responsibility.

MATERIAL ASPECT: ECONOMIC PERFORMANCE

G4-EC1 Direct economic value generated and distributed

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

SEKm	STAKEHOLDER GROUP	2016	2015	2014	DESCRIPTION
Direct economic value generated					
Revenues	Customers	55,935	57,608	48,701	Net sales, other operating income, financial income, share of results in associated companies
Economic value distributed					
Payments to suppliers of raw materials, goods and services	Suppliers	41,423	44,292	37,857	Payments to suppliers of raw materials, goods and services
Employee wages and benefits	Employees	8,239	8,404	6,266	Employee Wages and Benefits (excl. employee social security taxes)
Payments to providers of capital	Shareholders and financiers	969	978	1,684	Dividends, interest payments and financial expenses
Payments to government	Public sector/ Society	1,032	1,396	1,467	Corporate income taxes/gross taxes (incl. employee social security taxes)
Economic value retained		4,272	2,538	1,427	Calculated as 'Direct economic value generated' less 'Economic value distributed'

ENVIRONMENTAL IMPACTS

Steel production is resource intensive and generates carbon dioxide (CO_2) emissions. The most significant environmental impacts arise at SSAB's production sites in Luleå, Borlänge, Oxelösund, Raahe, Hämeenlinna, Mobile and Montpelier. However, the impact on the local environment in the vicinity of SSAB's production facilities has decreased significantly over time. SSAB is committed to continuous improvement aimed at minimizing the adverse environmental impacts from the company's operations.

ENVIRONMENTAL TARGETS

SSAB's sustainability strategy includes measurable environmental targets related to CO_2 emissions, energy and waste reduction to be achieved by the end of 2019.

TARGET BY THE END OF 2019	RESULTS IN 2016
A lasting reduction of 200,000 tonnes in CO_2 emissions	By the end of 2016, SSAB achieved 89,000 tonnes or 45% of this target. The most important CO_2 saving measures were the following: • Switched from heavy fuel oil to LNG in Borlänge, reaching full CO_2 reduction potential in 2015 • Started a new hot stove in Oxelösund in 2015, which increased blast temperature and led to reduced CO_2 emissions due to lower consumption of coke • Reduced flaring of converter gas in Luleå due to improved control and planning, which was started in 2015 and there were further improvements made in 2016. CO_2 emissions have been reduced as a result of lower oil consumption at the power plant in Luleå, where more converter gas from SSAB is now used as fuel • Decreased blast furnace fuel rate and CO_2 emissions through reduced moisture content of pellets in Raahe in 2016 • All energy savings resulting from reduced fuel consumption also reduce the CO_2 emissions In 2016, SSAB's direct carbon dioxide (CO_2) emissions were 9,981 (9,448) thousand tonnes. Direct emissions from Nordic steel production were 9,315 (8,850) thousand tonnes, which was 5% more than in 2015. This was due to increased production. Crude steel production was up 5% compared to 2015. Direct emissions from scrap-based steel production in US were 644 (581) thousand tonnes, which was 11% more than in 2015. During the same time crude steel production was up 7%.

TARGET BY THE END OF 2019	RESULTS IN 2016
A lasting reduction of 300 GWh in purchased energy (electricity and fuels)	By the end of 2016, SSAB achieved 162 GWh (583 TJ) or 54% of this target. The most important energy-saving measures were the following: • Applied the principle of continuous improvement in developing energy efficiency at production sites • Optimized media systems for compressed air and hydraulics, as well as furnace control systems at several SSAB sites • Natural gas, supplied as LNG, replaced oil in Borlänge to fuel one of the reheating furnaces in the hot strip mill. The switch from oil to natural gas was completed in December 2014 and the main savings occurred in 2015 • Consolidated color-coated product production from four lines to three in 2015, increasing the energy efficiency of the Nordic production system • Transferred metal-coated product production from Borlänge to Hämeenlinna in 2016 increasing the energy efficiency of the Nordic production system • Made improvements in the galvanizing line in Hämeenlinna in 2015 in order to increase the stability of the heat recovery system. Also improved the furnace insulation in 2015 • Expanded implementation of oxygen lancing in a reheating furnace in Borlänge in 2016 • Upgraded the system of optimizing heating and processing of steel slabs in Iowa, US. Improvements were initiated in 2016 and further energy-saving potential will be investigated

TARGET BY THE END OF 2019	RESULTS IN 2016
A lasting improvement of 30,000 tonnes in residual utilization	By the end of 2016, SSAB achieved 36,000 tonnes or 120% of this target. The most important measures to increase the utilization of residuals were the following: • Basic oxygen steelmaking sludge turned into briquettes for use as a raw material instead of being landfilled in Luleå. Developed a new method for drying the sludge in 2014. This method involves taking the sludge from landfill and spreading it onto a large field to dry in the sun. Trials to produce briquettes from the dried material proved very successful in 2014-2015, and in 2016, the utilization of sludge has increased even further • Utilization of ladle slag in the blast furnaces has been initiated in all steel works in the Nordics. In 2016, development was made mainly in Oxelösund and Raahe

*The base year for monitoring the targets referred to above is 2014

ENVIRONMENTAL POLICY AND MANAGEMENT

SSAB ensures continuous development by monitoring environmental performance against environmental targets and the environmental management system. SSAB's environmental management is based on the Group's Environmental Policy and the international environmental and energy management system standards, ISO 14001, and for some units, ISO 50001.

SSAB's Environmental Policy includes the following items:

- SSAB promotes sustainability and is committed to continuous improvement
- SSAB strives to integrate sustainability into its operations including the evaluation of environmental risks
- SSAB's high-strength steels and products come with added value, which contributes to environmentally responsible and sustainable materials for customers' products and solutions. By using high-strength steels, SSAB customers can reduce their steel consumption, and with stronger, lighter and more sustainable products, further reduce energy consumption and environmental footprints throughout their lifecycle
- SSAB employees work in a systematic, goal-oriented and proactive manner to reduce environmental impacts including pollution prevention and waste minimization
- SSAB is committed to interacting with stakeholders and evaluating stakeholder concerns, both internally and externally
- SSAB operations are subject to ongoing environmental audits. The company regularly establishes and reviews environmental objectives and targets. Environmental reports are provided routinely to the senior management team
- SSAB has implemented and maintains environmental management systems covering policies, practices and procedures at each operating location, is committed to meeting or exceeding its compliance obligations, and is certified to the ISO 14001 standard, where applicable

In 2016, all of SSAB's manufacturing sites had third party certification for the ISO 14001 standard. Divisions, subsidiaries and sites are responsible for putting environmental protection into practice. Each production site has an environmental team or manager responsible for monitoring compliance with legislation and handling permit matters. Each SSAB employee is responsible for complying with the Environmental Policy and for integrating environmental aspects into their everyday work.

Energy efficiency management is systematically promoted at production sites, either as part of an ISO 14001 system or through a certified ISO 50001 energy management system. Internal and external audits at sites ensure that everyday practices comply with set targets. Regular management reviews also drive the environmental work.

MANAGEMENT OF ENVIRONMENTAL RISKS

Environmental risks are included in the corporate risk management process. Risk management supports the company's strategy and ensures business continuity. Emissions from normal operating conditions are controlled and subject to environmental permit limits. Regular risk analyses cover possible emissions in the event of disruption or accident. The results of this analysis serve as the basis for preventive measures and corrective actions at various levels, both in corporate governance and ways of working locally on site.

ENVIRONMENTAL PERMITS AND LEGISLATION

SSAB's operations are subject to environmental permits containing numerous environmental conditions governing various parameters regarding production levels, air emissions, discharge water effluent, and waste management. 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. SSAB records all environmental damage and other environmental non-compliances and reports them to the appropriate authorities.

ENVIRONMENTAL LEGISLATION

SSAB operates globally and is subject to many international agreements and to regulation particularly in the EU and US. SSAB actively monitors climate, environmental and energy legislation, and proactively prepares for future changes. The most significant operations in terms of environmental impact are located in Sweden, Finland and the US. The most relevant issues from SSAB's perspective relating to environmental regulation are shown here.

Climate policy and legislation

PARIS COP 21 AND CLIMATE CHANGE NEGOTIATIONS

SSAB welcomes the global agreement concluded in December in Paris. The United Nations Climate Change Conference (COP21) is important in defining the future of climate change policies. The Paris conference is a starting point for nearly all UN members making their contributions to keep global warming below 2 °C and aiming for 1.5 °C. These contributions are estimated to limit the increase in global temperature to 2.7 °C, which means that further measures are needed. Since the national contributions made are not comparable to each other, the agreement lacks a level playing field that would protect the best performers in the steel industry.

EU CLIMATE TARGET 2030

In October 2014, the European Council summit set new more ambitious targets for greenhouse gas emissions, renewable energy and energy efficiency for 2030. To achieve the EU target of at least a 40% CO_2 reduction, the sectors covered by the EU Emissions Trading System must reduce their emissions by 43% compared to the 2005 baseline. Regardless of the result in Paris, the European Union is committed to significant emission reductions. The European Commission gave its proposal for the new Emissions Trading Directive in summer 2015 and the legislative process is now ongoing in the European Parliament and in member states.

The European Council summit agreed that the most efficient industrial operators exposed to international competition should not be subject to a direct or indirect cost disadvantage resulting from the EU's climate policy. For SSAB - and for all other steel producers in Europe - it is extremely important that the new directive of the EU Emissions Trading Scheme for the period of 2021-2030 creates a level playing field for efficient performers within Europe and compared to our competitors outside the EU.

US CLEAN POWER PLAN

In 2015, the US Environmental Protection Agency (EPA) finalized new standards that aim to reduce carbon emissions from existing power plants. These standards are known as the Clean Power Plan and have been developed under the Clean Air Act. The EPA estimates that in 2030, the Clean Power Plan will result in a 32% reduction in CO2 emissions from the electric power sector in the US compared to 2005 levels. The options for reducing emissions include investing in renewable energy, improving energy efficiency, increasing natural gas utilization, and use of nuclear power. The Clean Power Plan set different reduction targets for each individual state and each state was required to submit an individual state plan or multi-state plan, or request an extension, by September 2016. However, industry groups and 24 states filed lawsuits challenging the Clean Power Plan. Republican lawmakers introduced several legislative proposals in the US Congress to overturn or delay the regulation. On February 9, 2016, the US Supreme Court granted a motion to delay implementation of the Clean Power Plan while the courts determine its legality. The US Court of Appeals for the D.C. Circuit heard oral arguments in litigation challenging the Clean Power Plan on September 27, 2016..A decision is expected in early 2017. If the D.C. Circuit court rules in favor of the EPA, the case is expected to be appealed to the Supreme Court, which would likely not issue a ruling prior to 2018. If the petitioners prevail at the D.C. Circuit, the case would likely be remanded to the EPA for further action, which would allow the new Administration to revise the Clean Power Plan rule.

Separate litigation is also underway on the final rule for newly-constructed power plants, which will effectively require use of carbon capture and sequestration (CCS) technology. In that case, the D.C. Circuit ordered briefings to begin this fall, with oral arguments in the case on April 17, 2017. The EPA under the Obama Administration had hoped to conclude consideration of this case by the end of Obama's term, but the schedule will continue the process into the Trump Administration. EPA-mandated power plant emissions reductions would likely lead to higher electrical power costs for SSAB.

Environmental protection legislation

EU CIRCULAR ECONOMY

SSAB welcomes the EU Circular Economy Package, which was published in December 2015. The package sets out the objectives, tools and methodologies that should be used to ensure that steel products can be efficiently produced, used, reused, recovered and recycled in a constant loop. Steel is a 100% recyclable permanent material. The Package includes new measures encouraging the use of durable, resource-efficient and recyclable products in Member States. This should also expand the market of high-strength steels and wear-resistant steels provided by SSAB.

EU INDUSTRIAL EMISSIONS DIRECTIVE

SSAB's operations are subject to environmental permits with environmental conditions governing various parameters regarding production levels, air emissions, water effluent and waste management. Several SSAB production sites have operations that require environmental permits. SSAB's Nordic production facilities are subject to the European Industrial Emissions Directive (IED) and preparations to comply with these requirements are in progress primarily in Luleå and Oxelösund, Sweden and in Raahe, Finland.

In connection with the IED, the Best Available Techniques (BAT) Reference Documents are to be followed. The Iron and Steel Production (IS) BREF document was updated in 2012. Large Combustion Plants (LCP) will be finalized in 2017. Other steel industry specific documents, like Surface Treatment Using Organic Solvents (STS) and the Ferrous Metals Processing Industry (FMP) are under early stages of revision.

SULPHUR DIRECTIVE

Sulphur Emission Control Areas (SECA) for maritime traffic in the Baltic Sea, North Sea, English Channel and the Atlantic seaboard of the US mean that the sulphur content in fuels for vessels may not exceed 0.1%. The amended Sulphur Directive entered into force on January 1, 2015.

The Sulphur Directive is an important act toward achieving a sustainable environment. This includes, however, an increased cost for SSAB due to our location in the SECA area. That is why SSAB seeks ways to minimize the cost impact of the Sulphur Directive by route and transport mode optimization, transport efficiency management, minimizing empty runs, improving loading rates, subcontractor management and changes in contract structures, e.g., fuel and bunker efficiency clauses.

EU REACH

REACH, the European Union's regulation for chemicals, aims to improve the protection of human health and the environment against the risks of chemicals and to enhance the competitiveness of the EU chemical industry. SSAB manufactures, imports and uses substances and articles to which REACH applies. We provide information about our registrations of substances and of any hazardous substances in our supply chain. SSAB employs safety data sheet management systems to improve management and provision of up-to-date information about the safe use of chemicals. In addition, SSAB communicates with stakeholders about any requirements regarding REACH and SSAB's products when legal obligations change. SSAB works closely with the supply chain to replace substances of very high concern (SVHC) when possible. Any queries about REACH matters can be submitted to reach@ssab.com.

Energy and electricity market legislation

EU ENERGY UNION

The EU Commission issued its first package for implementing an EU-wide energy union in July 2015. The second package was launched in December 2016. The package includes, among other things, a proposal to redesign Europe's electricity market. The aim is to create an efficient electricity market by, for example, improving price signal steering. SSAB welcomes the Commission's point that the energy only market model is the best way to secure a well-functioning electricity market. Prices will reflect the scarcity of available transmission or production capacity in energy-only markets. SSAB also welcomes the Commission's point that subsidies and regulation disturbing the market should be removed and the possibility for consumers to actively participate in the market through the right price signals should be promoted.

EU'S ENERGY EFFICIENCY DIRECTIVE

The European Council summit has set a target to increase energy efficiency by at least 27% by 2030, based on the 2005 baseline. In the revised Energy Efficiency Directive the Commission increased the target to 30% and changed it to a binding target. In order for the EU to achieve this target, the industry needs to meet with the requirements that are implemented in the legislation at a national level. SSAB regularly carries out energy audits at sites and works systematically to continuously identify energy savings, which is in line with the European Energy Efficiency Directive.

MATERIAL ASPECT: MATERIALS

G4-EN1 Materials used by weight

Steel production requires large amounts of raw materials. The key raw materials needed in steelmaking include iron ore, coal, limestone, different alloys and scrap steel. Iron ore and coal are the main raw materials required for SSAB's steel production operations in Sweden and Finland. Scrap metal is the most important raw material for SSAB's steel production operations in the US. In 2016, SSAB used a total of 15.5 (14.5) million tonnes of raw materials.

EN1 – Materials used by weight (thousand tonnes)	2016	2015	2014	2013	2012
Iron ore pellets	7,325	7,016	6,991	6,717	6,663
Reducing agents[1)]	2,562	2,435	2,413	2,313	2,268
Scrap (external + internal)	3,644	3,434	4,016	3,800	3,514
Recycled materials	1,005	836	914	876	703
Slag formers[2)]	765	637	671	595	589
Alloys	116	103	108	100	99
Metal and organic coatings	58	49	47	56	48
Non-renewable materials, total	15,477	14,511	15,160	14,456	13,884

[1)] Coke, coal and other reducing agents, such as oil
[2)] Limestone, burnt lime, dolomite, carbide, etc.

G4-EN2 Percentage of materials used that are recycled input materials

SSAB promotes the use of materials originating from its production in its own processes. The production of iron and steel gives rise to a range of residuals. Recirculating material back into the steelmaking process reduces the need for virgin raw materials. This in turn, reduces CO_2 emissions and waste. Material that cannot be recirculated internally can be processed into by-products and sold externally, reducing CO_2 emissions by substituting natural resources in other industries.

In 2016, 3.6 (3.6) million tonnes of residuals from the iron ore-based steel production were utilized, internally or externally. This is about 90 (92) % of all residuals produced in the iron ore-based production. In 2016, 1.3 (1.4) million tonnes of by-products were sold externally.

This is how the residuals are utilized:

- Iron containing residuals are returned to the blast furnace or the steelworks to substitute iron ore
- Steel slag is utilized in the blast furnace to substitute lime
- Blast furnace slag is utilized in the cement industry to substitute lime
- Slags are sold for road construction to reduce the use of natural aggregates
- Certain slags are utilized as a soil conditioner in agriculture
- Benzene, sulfur and coal tar are utilized in the chemical industry as raw materials

ACTIONS TAKEN IN 2016 TO INCREASE THE UTILIZATION OF RESIDUALS

SSAB has set a target to increase the utilization of residuals by improving the internal recirculation of material and external sales of by-products. The target is to achieve a lasting improvement in residual utilization by 30,000 tonnes, reducing the amount of material being sent to landfill by the end of 2019, compared to the 2014 baseline. By the end of 2016, SSAB achieved 36,000 tonnes or 120% of this target.

The most important measures to increase the utilization of residuals were the following:

- Basic oxygen steelmaking sludge turned into briquettes for use as a raw material instead of being landfilled in Luleå. Developed a new method for drying the sludge in 2014. This method involves taking the sludge from landfill and spreading it onto a large field to dry in the sun. Trials to produce briquettes from the dried material proved very successful in 2014-2015 and in 2016 the utilization of sludge has increased even further
- Utilization of ladle slag in the blast furnaces has been initiated in all steel works in the Nordics. In 2016, development was made mainly in Oxelösund and Raahe

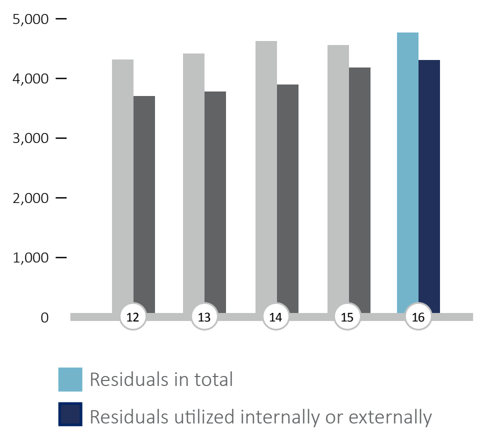
SCRAP USED IN STEEL PRODUCTION

Recycled steel has a big impact on reducing the environmental footprint of the product's lifecycle. It replaces the iron ore as input material in iron and steel-making. In 2016, SSAB used 2.6 (2.5) million tonnes of external scrap and 1.0 (0.9) million tonnes of internal recycled scrap, which equates to an average of 43% of recycled steel used in all of SSAB's steel production. SSAB uses approximately 20% of scrap metal in conjunction with steel production in the Nordics, and nearly 100% in the US.

Residuals from steel production, waste included (thousand tonnes)	2016	2015	2014	2013	2012
Residuals from ore-based steel production					
Residuals, total	4,045	3,875	3,913	3,726	3,616
Utilized internally or externally	3,648	3,568	3,277	3,158	3,086
Residuals from scrap-based steel production					
Residuals, total	718	676	721	685	693
Utilized internally or externally	659	617	632	628	618

Residuals from steel production and the amount utilized[1)]

Thousand tonnes



[1)] Landfill disposal and changes in stock account for the difference between the total amount of residuals and the amount utilized internally and externally

MATERIAL ASPECT: WASTE

SSAB is continuously focusing on reducing the amount of material being sent to landfills. The key to waste reduction is to refine residuals from steelmaking processes into raw materials that can be reused as well as developing new by-products that can be sold outside of SSAB. There are waste products from the production processes for which there is currently no environmentally or economically justifiable application and which need to be removed from the processing cycle on environmental grounds. At SSAB, this type of waste is e.g. flue gas sludge that cannot be utilized due to its physical and chemical characteristics.

The management and monitoring of the company's landfill sites are strictly regulated by laws and governmental authorities. Deposited waste must be handled in such a way that these resources might again be utilized in the future.

SSAB Americas does not own or operate waste transportation equipment or landfills and deals only with government-approved landfills. Materials are tested and classified as waste before being sent to a landfill. Testing is conducted by a specialized third party contractor.

EN23 – Total weight of waste

Waste that originates from SSAB's operations and requires either being sent to landfill or to external recipients is processed in compliance with valid regulations. The recipients employed have been approved and have the necessary permits. SSAB's major production sites collaborate with partners who guide the choice of recipient to ensure maximum efficiency, both from the environmental and financial perspective, in removal. This means recipients may vary from time to time. The greatest focus is on hazardous waste, such as oily waste, including used oil, grease, sludge and emulsions, which are often disposed of through combustion and where energy recovery is sought.

EN23 – Total weight of waste by type (thousand tonnes)	2016	2015	2014	2013	2012
Industrial waste to landfill	399	306	392	410	418
Hazardous waste	48	46	50	48	50
Non-hazardous waste	292	285	239	226	255

MATERIAL ASPECT: ENERGY

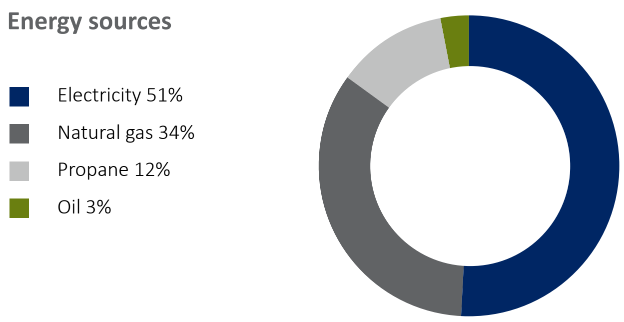
SSAB's production processes are energy intensive. Systematic energy efficiency management and energy recovery at all sites, as well as production of electricity from process gases at steel mills, ensure efficient use of energy and lower emissions. SSAB has signed up for different official energy savings programs such as Motiva's energy efficiency agreement in Finland.

ENERGY SOURCES USED BY SSAB

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

To compensate for fossil fuel use, SSAB aims for a significant share of the electricity it buys from external supplies to come from renewable energy sources. Consequently, SSAB has purchased "guarantees of origin" (GoO) regarding renewable electricity for the share of electricity it buys externally in the Nordic countries. A GoO means that at least 50% of the electricity SSAB buys on the Nordic electricity market is derived from renewable electricity and that a minimum of 30% is hydroelectricity and a minimum of 20% is wind power.

SSAB is dependent on a steady supply of electricity at competitive prices throughout the year. This is why SSAB considers that nuclear power is needed on the Nordic electricity market. It is in this context and with this in mind that SSAB has a 3% shareholding in the Finnish Fennovoima project, which plans to build a nuclear power plant in northern Finland.



ENERGY RECOVERY AT STEEL MILLS

Process gases like blast furnace gas, coke oven gas and converter gas are generated in the iron- and steelmaking processes. Steam and hot water are also produced. These energy flows can be fully recovered to generate electricity and heat, thereby saving fuel resources. Also, the heat of flue gases is recovered and used to produce steam and heat. Recovered heat has been used to produce district heating in Luleå, Raahe and Oxelösund since the 1980s. This meets about 90% of local district heating needs.

The energy-rich gases which cannot be used in the steel production are used in local power plants, among other things, to supply SSAB with approximately 45 (43) % of the electricity needs of steel production in Sweden and Finland.

G4-EN3 Energy consumption within the organization
In 2016, SSAB's total energy consumption related to electricity and purchased fuels was 8,990 (8,381) GWh. Electricity accounts for 4,514 (4,357) GWh and fuels for 4,451 (4,001) GWh. During 2016, some 1,195 (1,114) GWh of electricity was produced from recovered energy. In 2016, SSAB delivered 1,101 (1,006) GWh of district heating.

EN3 - Energy consumption within the organization (GWh/TJ)	2016	2015	2014	2013	2012
	GWh/TJ	GWh/TJ	GWh/TJ	GWh/TJ	GWh/TJ
Fuels					
Natural gas	3,073/11,063	2,754/9,914	2,596/9,345	2,574/9,266	2,349/8,455
Propane	1,099/3,956	1,043/3,756	1,034/3,722	934/3,361	971/3,496
Fuel oil	279/1,003	204/733	635/2,288	785/2,824	741/2,667
Total non-renewable fuels	4,451/16,023	4,001/14,404	4,265/15,355	4,292/15,451	4,061/14,618
Electricity, heat and steam					
Electricity, purchased[1)]	3,319/11,948	3,243/11,677	3,469/12,490	3,475/12,510	3,324/11,965
Heat, purchased	26/93	23/83	24/87	27/98	28/100
Electricity generated from process gases	1,195/4,302	1,114/4,010	1,033/3,720	974/3,506	1,030/3,709
Gross energy consumption	8,990/32,366	8,381/30,172	8,792/31,652	8,768/31,565	8,442/30,393
Electricity and heat sold					
Heat, sold	1,101/3,965	1,006/3,620	1,081/3,893	1,086/3,910	1,149/4,138
Net total energy consumption[2)]	7,889/28,400	7,376/26,552	7,711/27,759	7,682/27,655	7,293/26,255

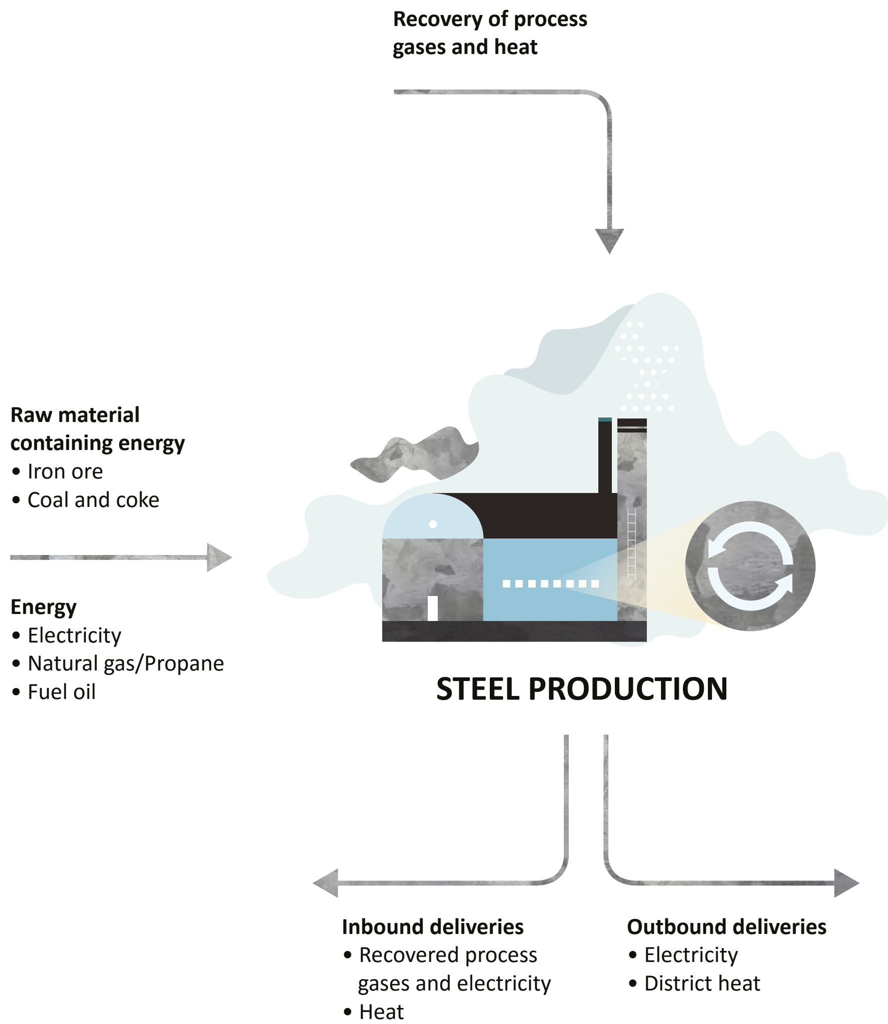
[1)] Including external companies within the industrial area
[2)] The figure excludes the fuels used in transportation and vehicles, nor does it include employee travel and transportation

EN5 – Energy intensity
SSAB's energy intensity in 2016 was 1,122 (1,101) kWh/tonne crude steel when including the total energy consumption (electricity and purchased fuels) from the iron and steel production sites and rolling mills.

EN6 – Reduction of energy consumption
SSAB has set energy savings target to reduce the use of purchased energy by 300 GWh by the end of 2019. This energy saving is equal to approximately 3.5% of SSAB's total amount of purchased energy in 2014. By the end of 2016, SSAB achieved approximately 162 GWh (583 TJ) or 54% of this target.

The most important energy-saving measures were the following:

- Applied principle of continuous improvement in developing energy efficiency at production sites
- Optimized media systems for compressed air and hydraulics, as well as furnace control systems at several SSAB sites
- Natural gas, supplied as LNG, replaced oil in Borlänge to fuel one of the reheating furnaces in the hot strip mill. The switch from oil to natural gas was completed in December 2014 and the main savings occurred in 2015
- Consolidated color-coated product production from four lines to three in 2015, increasing the energy efficiency of the Nordic production system as a whole
- Transferred metal-coated product production from Borlänge to Hämeenlinna in 2016, increasing the energy efficiency of the Nordic production system
- Improved the galvanizing line in Hämeenlinna in 2015 in order to increase the stability of the heat recovery system. Also improved furnace insulation in 2015
- Expanded implementation of oxygen lancing in a reheating furnace in Borlänge in 2016
- Upgraded the system of optimizing, heating and processing steel slabs in Iowa, US. Improvements were initiated in 2016 and further energy saving potential will be investigated



ASPECT: WATER

Plentiful access to water is crucial for steel production, particularly in quenching, where water is used for the direct cooling of hot-rolled steel. Most of the water used in SSAB's production processes is recirculated in cooling systems. Steel production or upgrading sites are not situated in groundwater areas. SSAB's operations are located in areas where there is currently no scarcity of water, and no water sources that are significantly affected by water withdrawal by SSAB's operations. All operations are subject to environmental permits and guidelines regarding discharged water.

EN8 – Total water withdrawal

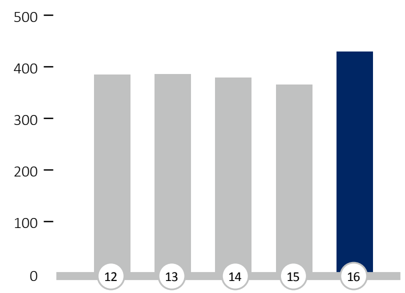
SSAB uses surface water at all of its production sites, including both sea water and fresh water. Water is used mostly in processing, cooling and in scrubbing flue gases at the steel works and rolling mills. Water is also needed for electricity production and in slag granulation.

In 2016, SSAB consumed 429 (365) million cubic meters of water. Out of all of the water used during the year, approximately 99% was used for cooling purposes. A large share of the water used in production passes water treatment to be re-used and millions of cubic meters of water used in the steel production process are recycled annually.

EN8 – Total water withdrawal by source (million m³)	2016	2015	2014	2013	2012
Surface water (inlands)	203	160	179	180	173
Surface water (sea)	225	204	199	205	210
Municipal water	1	1	1	1	2
Total water withdrawal	429	365	379	386	385

Water consumption

Million m³



Effluent discharge into waterways

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

Effluent discharge into waterways, (tonnes)	2016	2015	2014	2013	2012
Suspended solids	286	228	616	423	288
Mineral oil	6	9	12	18	14

MATERIAL ASPECT: EMISSIONS

The process of producing steel from iron ore is carbon-intensive and the raw materials used in production are the main source of carbon dioxide (CO_2) emissions, along with CO_2 emissions generated from energy usage. In addition to CO_2, there are also other emissions into the air being formed during the steel making process and in other processing operations (rolling, coating, etc.).

As a result of the continuous development of processes, SSAB´s blast furnaces in Sweden and Finland are among the most efficient in the world in terms of minimizing CO_2 emissions from steel production. SSAB's use of coke and coal as reducing agents is close to the theoretical minimum for a blast furnace. There is no technology available today that can replace coal as raw material for blast furnace steel production, which means totally new technology would be needed in order to achieve significant emission reductions.

Therefore, in 2016, SSAB, LKAB and Vattenfall jointly announced a long-term breakthrough emissions reduction project, HYBRIT (Hydrogen Breakthrough Ironmaking Technology). Together, the companies involved in the project, have initiated work to develop a steel production process that emits water instead of carbon dioxide. The initiative is split into three phases beginning with a pre-feasibility study, which will analyze all the conditions and which will continue until the end of 2017. This will be followed by a more concrete research and development program in a pilot study, which will last until 2024 before finally progressing to demonstration plant trials, which will continue until 2035.

CO_2 emissions from blast furnace-based steel production can be controlled and reduced to some extent by improving efficiency in the production processes. The production of iron and steel gives rise to a range of residuals and recirculating material back into the steelmaking process, as well as maximizing the use of recycled scrap as raw material, reduces CO_2 emissions and waste. Material that cannot be recirculated internally can be processed into by-products and sold externally, which also reduces CO_2 emissions by substituting natural resources in other industries.

Emissions related to energy consumption in production can be reduced by improving energy efficiency and increasing the use of renewable energy sources. Systematic energy efficiency management and energy recovery, as well as production of electricity from process gases at steel mills, improves energy efficiency and decreases emissions. However, as CO_2 emissions from energy usage are only a small share of SSAB´s total CO_2 emissions, the total effect of energy efficiency improvements has a relatively small impact on SSAB´s total CO_2 emissions.

SSAB Americas' production sites make steel using two electric arc furnaces. CO_2 emissions are substantially lower than the emissions generated in conjunction with iron ore-based steel production since less coal is used in the production process. Additionally, much of the coal used in production is derived from recycled coal residual. In scrap-based production, improving energy and material efficiency is the key to reducing emissions.

Industry-wide cooperation is important to identify new technical solutions that can further decrease the impacts of steelmaking processes. In the Nordics, SSAB is collaborating with KTH Royal Institute of Technology in Stockholm, Luleå University of Technology, Dalarna University, Swerea, Oulu University, Aalto University, Åbo Akademi University and VTT Technical Research Centre of Finland. In SSAB Americas, the American Iron and Steel Institute and the Association for Iron and Steel Technology are important partners.

EN15 - Direct greenhouse gas (GHG) emissions (Scope 1)

In 2016, SSAB's direct carbon dioxide (CO_2) emissions were 9,981 (9,448) thousand tonnes. Around 90% of SSAB's total CO_2 emissions are generated in iron ore-based steel production at the company's sites in Luleå, Oxelösund and Raahe, and 98% of these CO_2 emissions are related to metallurgical processes, i.e. to the use of coke and coal as reducing agents. In 2016, direct emissions from Nordic steel production were 9,315 (8,850) thousand tonnes, which was 5% more than in 2015. This was due to increased production. Crude steel production was up 5% compared to 2015. The greenhouse gases produced in Nordic steel production are within the scope of the European Emissions Trading System.

In 2016, direct CO_2 emissions from the scrap-based steel production in the US were 644 (581) thousand tonnes, which was 11% more than in 2015. During the same time crude steel production was up 7%.

The direct CO_2 emissions are calculated in accordance with the procedures in the WBCSD GHG Protocol, together with additional guidelines from the EU and/or national authorities.

EN16 - Energy indirect greenhouse gas emissions (Scope 2)

Indirect GHG emissions occur from the generation of purchased electricity, heating and steam. For electricity, indirect CO_2 emissions are calculated using grid average emission factors. Specific emission factors are used for the generation of the purchased heat and steam. Due to the guarantees of origin for renewable energy sources related to SSAB's electricity consumption, SSAB´s actual Scope 2 emissions factor is lower than the grid average factor used in the Nordics. However, the guarantees of origin have not been taken into account and the reported emissions are based on the grid average factor without any further reductions.

EN15, EN16 - Greenhouse gas emissions[1] (thousand tonnes)	2016	2015	2014	2013	2012
Direct greenhouse gas (GHG) emissions (Scope 1)[2]					
Iron ore-based steel production in Nordics	9,315	8,850	8,910	8,643	8,648
Scrap-based steel production in US	644	581	651	651	640
Other reported sites	22	18	17	17	20
Total	**9,981**	**9,448**	**9,578**	**9,311**	**9,308**
Indirect emissions from the generation of purchased electricity, heating and steam (Scope 2)					
Iron ore-based steel production in Nordics	185	182	193	194	191
Scrap-based steel production in US	964	934	1,009	1,234	1,158
Other reported sites	17	17	18	18	18
Total	**1,166**	**1,133**	**1,220**	**1,447**	**1,367**

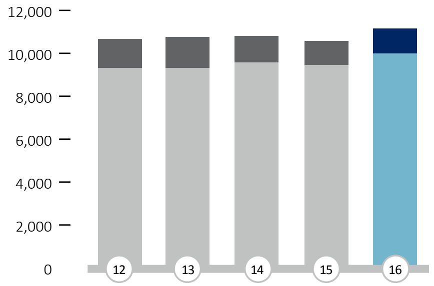
[1] Only CO_2 is included in the calculation
[2] Generation of electricity from process gases is included in the direct emissions (Scope 1)

EN18 – Greenhouse gas emission intensity

SSAB's greenhouse gas (GHG) emission intensity in 2016 was 1.4 (1.4) tonnes of CO_2 emissions/tonne crude steel. The GHG intensity is reported as product emission intensity (metric tonnes of CO_2 emissions per tonne of crude steel produced). It is calculated as the sum of Scope 1 and Scope 2 emissions for all SSAB's iron and steel production sites and rolling mills, divided by the total crude steel production in tonnes.

Carbon dioxide emissions

Thousand tonnes



Direct emissions from production (Scope 1)
Indirect emissions from the generation of purchased electricity, heat and steam (Scope 2)

EN18 - Greenhouse gas emissions intensity (tonnes of CO_2 emissions/ tonne crude steel)	2016	2015	2014	2013	2012
Iron ore-based steel production in Nordics	1.7	1.7	1.6	1.7	1.7
Scrap-based steel production in US	0.7	0.7	0.7	0.8	0.8
Average	**1.4**	**1.4**	**1.3**	**1.4**	**1.4**

EN19 – Reduction of greenhouse gas emissions

SSAB has set a target to reduce direct CO_2 emissions from its operations. The target is to achieve a lasting reduction of 200,000 tonnes in CO_2 emissions by the end of 2019, compared to the 2014 baseline. This CO_2 emissions reduction is equal to approximately 2.1% of SSAB's total CO_2 emissions in 2014.

CO_2 emissions can be reduced by recirculating scrap and residuals back into the steelmaking process, optimizing the use of reducing agents (coke and coal) in iron production and by improving the energy efficiency of fuels.

By the end of 2016, SSAB achieved 89,000 tonnes or 45% of this target. The most important CO_2 saving measures were the following:

- Switched from heavy fuel oil to LNG in Borlänge, reaching full CO_2 reduction potential in 2015
- Started a new hot stove in Oxelösund in 2015, which increased blast temperature and led to reduced CO_2 emissions due to lower consumption of coke
- Reduced flaring of converter gas in Luleå due to improved control and planning, which was started in 2015 and there were further improvements made in 2016. CO_2 emissions have been reduced as a result of lower oil consumption at the power plant in Luleå, where more converter gas from SSAB is now used as fuel
- Decreased blast furnace fuel rate and CO_2 emissions through reduced moisture content of pellets in Raahe in 2016
- All energy savings resulting from reduced fuel consumption also reduce the CO_2 emissions

EN21 – Other significant air emissions

In addition to CO_2 emissions, there are also other emissions into the air being formed during the steelmaking process. Other significant air emissions deriving from SSAB's operations are particulate matter (PM), sulfur oxides (SOx) and nitrogen oxides (NOx). SSAB monitors the emissions arising from its operations both at production sites and in their vicinity to ensure compliance with emissions limits and to improve local air quality.

The combustion processes and the fine material used in iron and steel production give rise to particulate emissions into the air. In 2016, particulate emissions, excluding fugitive particulate emissions, totaled 718 (931) tonnes. Particulate emissions contain metals, which originate mainly from the iron ore pellets, coking coal and from residuals and processing the steel products. SSAB is continuously working to reduce the particulate emissions.

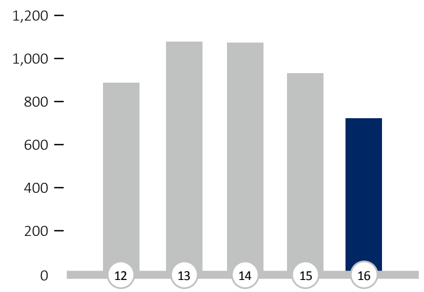
In 2016, around 2,345 (2,699) tonnes of sulfur dioxide emissions originated from the sulfur containing raw materials and fuels. At the Raahe site, the closure of the sinter plant and the switch to using iron ore pellets has resulted in a significant reduction in sulfur dioxide and particulate emissions after 2011.

Nitrogen oxides emissions are mainly formed in the combustion processes in the coke plants and rolling mills. In 2016, nitrogen oxides emissions amounted to 3,668 (3,763) tonnes.

Emissions of volatile organic compounds (VOC) mainly occur on the coating lines when using solvents in the paints. In 2016, these emissions totaled 221 (255) tonnes.

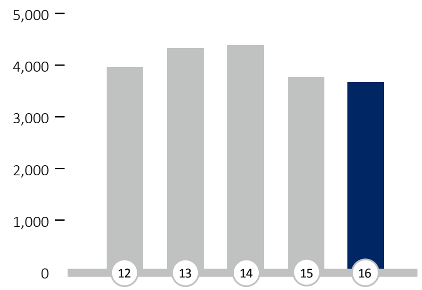
Particulate emissions

Tonnes



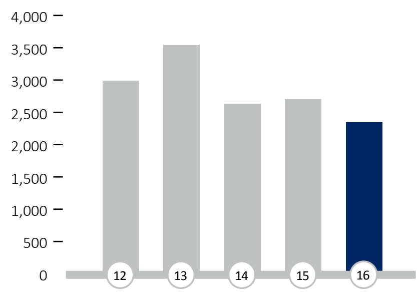
Nitrogen oxides emissions

Tonnes



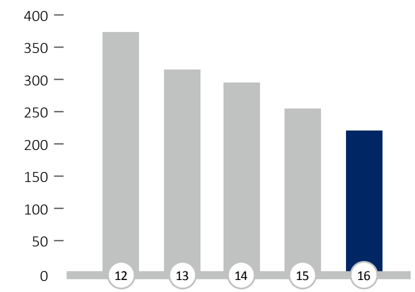
Sulfur dioxide emissions

Tonnes



Volatile organic compounds (VOC) emissions

Tonnes



EN21 – Other significant air emissions (tonnes)	2016	2015	2014	2013	2012
Particulate matter (PM)	718	931	1,072	1,082	893
Sulfur dioxide emissions (SOx)	2,345	2,699	2,632	3,531	2,978
Nitrogen oxides emissions (NOx)	3,668	3,763	4,388	4,331	3,956
Emissions of volatile organic compounds (VOC)	221	255	295	315	373

SOCIAL IMPACTS

One of the key elements in SSAB's strategy is a high-performing organization, which is essential enabler for achieving SSAB's ambitious strategic targets. SSAB strives to be the safest steel company in the world, with an objective to achieve zero accidents, work-related injuries or illnesses. At SSAB, social responsibility not only applies to HR practices related to employees, it also incorporates engagement with people in neighboring communities and social responsibility in the supply chain. SSAB is a signatory to the UN's Global Compact initiative and its principles are also applied when working with suppliers and subcontractors.

Social responsibility targets

SSAB's sustainability strategy includes the following social responsibility targets:

ANNUALLY SSAB WILL HAVE ACHIEVED THE FOLLOWING SOCIAL RESPONSIBILITY TARGETS	RESULTS IN 2016
Annual performance dialogs between managers and all employees	More than 90% of office employees conducted performance dialogs with their managers in 2016[1]
Compliance with SSAB's Code of Conduct and behavior in accordance with the company's core values	SSAB held training in business ethics for sales organization during 2016
Training all employees in business ethics through e-learning by the end of 2016	At the end of 2016, 90% of SSAB's employees had completed the training in business ethics
Completion of a self-assessment questionnaire regarding social and environmental conditions for all suppliers registered in SSAB's purchasing system as medium- or high-risk	At the end of 2016, 3,730 (3,456) of SSAB´s 20,000[2] active suppliers were registered in SSAB's purchasing system, of which 1,033 (902) were risk classified and had CSR[3] status. 66 (51) suppliers have been identified as medium-risk suppliers and 111 (81) as high-risk suppliers, and have also completed the self-assessment questionnaire regarding their social and environmental conditions
Reaching an employee engagement score that exceeds the global average	Overall the Employee Engagement Index (as measured in Voice, SSAB's global employee survey) was in line with the external global norms. SSAB: 70 External norm: 72
By the end of 2019, SSAB will have achieved the following gender diversity target: Women holding 30% of the top management positions in the company by the end of 2019	At the end of 2016, women held 27 (23)% of SSAB's top management positions

[1] Currently SSAB is able to follow only office employees regarding conducted performance dialogs
[2] Those parts of the organization that do not have access to the purchasing system evaluate their suppliers and follow up on suppliers' performance through other internal systems
[3] CSR status = Supplier has a CRS status, if it has a CSR risk classification

MATERIAL SOCIAL ASPECTS AND SCOPE OF DATA

SSAB's material social aspects were defined in the materiality analysis process conducted at the end of 2014 and they are as follows: occupational health and safety, employment, training and education, diversity and equal opportunity, anti-corruption, supplier assessment for labor practices and supplier assessment for human rights.

SSAB'S EMPLOYEES

At the end of 2016, SSAB had a total of 14,980 (16,045) permanent employees. Temporary personnel accounted for about 2.4 (3.3)% of all employees. Full-time employees accounted for 97.7 (97.7)% and part-time employees for 2.3 (2.8)% of all permanent employees. SSAB has employees in more than 50 countries, with 73% of employees located in Sweden and Finland and 8% in the US.

G4-10 Number of employees

Number of employees by employment contract and gender

	2016		2015		2014	
	Full-time	Part-time	Full-time	Part-time	Full-time	Part-time
Women	2,775	90	3,004	128	3,180	207
Men	12,205	275	13,041	415	13,707	543
Total	**14,980**	**365**	**16,045**	**543**	**16,887**	**750**

Permanent employees by employment contract type and gender

	2016		2015		2014	
	Full-time	Part-time	Full-time	Part-time	Full-time	Part-time
Women	2,689	86	2,906	98	3,067	113
Men	11,949	256	12,697	344	13,253	454
Total	**14,638**	**342**	**15,603**	**442**	**16,320**	**567**

Number of employees and managers by gender[1)]

	2016		2015		2014	
	Employees	Managers	Employees	Managers	Employees	Managers
Women	2,865	247	3,132	302	3,387	295
Men	12,480	1,214	13,456	1,381	14,250	1,385
Total	**15,345**	**1,461**	**16,588**	**1,683**	**17,637**	**1,680**

[1)] Permanent and temporary

Number of employees by region and gender[1]		2016	2015	2014
Sweden	Women	1,250	1,368	1,412
	Men	4,980	5,433	5,594
	Total	6,230	6,801	7,006
	% of total workforce	41%	41%	40%
Finland	Women	708	764	871
	Men	4,134	4,335	4,614
	Total	4,842	5,099	5,485
	% of total workforce	32%	31%	31%
USA	Women	158	157	157
	Men	1,143	1,153	1,211
	Total	1,301	1,310	1,368
	% of total workforce	8%	8%	8%
Other Europe	Women	653	745	837
	Men	1,919	2,218	2,456
	Total	2,572	2,963	3,293
	% of total workforce	17%	18%	19%
Rest of the world	Women	96	98	110
	Men	304	317	375
	Total	400	415	485
	% of total workforce	3%	3%	3%

[1] Permanent and temporary

G4-11 Employees covered by collective bargaining agreements

The majority of SSAB's employees in Sweden and Finland are represented by labor unions (approximately 84% of the total number of employees). Other countries have different arrangements according to country-specific practices, traditions and labor legislation. SSAB respects its employees' right to organize in accordance with the legislation and provisions in each country in which it operates. SSAB provides channels for employees to engage in the company's activities and express their opinions. Local management in each country is responsible for creating opportunities for employee engagement. The company also encourages direct interaction between supervisors and their teams.

ASPECT: EMPLOYMENT

SSAB's ability to continue to maintain and grow its business as well as provide high-quality products to customers depends, to a large extent, on the contributions of its management and key personnel. SSAB's success also depends on its ability to attract, retain and motivate qualified employees throughout the organization.

New employee hires	2016		2015	
	Number of employees	% of total workforce	Number of employees	% of total workforce
Total	572	3.7%	695	4.2%
<30 years	249	1.6%	346	2.1%
30–50 years	269	1.7%	57	0.3%
>50 years	54	0.3%	292	1.8%
Women	107	0.7%	147	0.9%
Men	465	3.0%	548	3.3%
Sweden	155	1.0%	300	1.8%
Finland	189	1.2%	147	0.9%
Russia	30	0.2%	66	0.4%
USA	58	0.4%	39	0.2%
Other Europe	92	0.6%	113	0.7%
Rest of the world	48	0.3%	30	0.2%

LA-1 Total number and rates of new employee hires and employee turnover by age group, gender and region

In 2016, 572 (695) new employees joined SSAB and 1,556 (1,537) employees left the company for different reasons. Employee turnover in 2016 was 10.1 (9.4)%.

Employee turnover	2016		2015	
	Number of employees who have left the company	% of total workforce[1)]	Number of employees who have left the company	% of total work-force[1)]
Total	1,556	10.1%	1,537	9.4%
<30 years	147	1.0%	206	1.3%
30–50 years	663	4.3%	589	3.6%
>50 years	746	4.8%	743	4.5%
Women	323	2.1%	324	2.0%
Men	1,233	8.0%	1,213	7.4%
Sweden	620	4.0%	425	2.6%
Finland	330	2.1%	489	3.0%
Russia	337	2.2%	257	1.6%
USA	53	0.3%	231	1.4%
Other Europe	170	1.1%	50	0.3%
Rest of the world	46	0.3%	85	0.5%

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

MATERIAL ASPECT: OCCUPATIONAL HEALTH AND SAFETY

SSAB strives to be the safest steel company in the world, with an objective to achieve zero accidents, work-related injuries and illnesses. Ensuring a safe and secure environment for SSAB's employees, contractors and visitors is the company's highest priority. The management approach of occupational health and safety is described in the Business Review (BR), p. 65–66.

G4-LA5 Percentage of total workforce represented in formal joint management-worker health and safety committees

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

G4-LA6 Total number of injuries, Lost Time Injury Frequency and fatalities

SSAB's own employees' lost time injury frequency resulting in an absence of more than one day (LTIF) was 6.7 (6.2). Including also contractors LTIF was 7.0 (6.3). In 2016, a total of 173 (166) injuries (LTIs) occurred for SSAB's employees and 36 (31) for contractors. SSAB Europe and SSAB Americas improved their safety performance, while in the other business areas the progress was the opposite.

In Luleå, a fatal accident occurred on April 27, 2016. One SSAB employee tragically died when two SSAB employees were carrying out regular safety checks on a crane for slab handling in the cooling bay area of the continuous casters. Indications are that the deceased person was squeezed between parts of the crane and the building. The police and the Swedish Work Environment Authority are investigating the accident.

In addition to continuous safety management procedures, many additional activities have been launched to prevent serious and fatal incidents since the fatal accident in Luleå. These activities include inspection and revision of maintenance and functional testing procedures at all sites, and improved shop floor safety management to speed up the implementation of risk mitigation plans and targets. In addition, in Luleå, a safety culture assessment with corrective actions was carried out. Normal safety audits and hazard assessments have continued to mitigate the risks of the main causes of serious incidents in the steel industry: cranes, working at heights, moving machinery, asphyxia, falling objects and lock out/tag out procedures. Risks also will be reduced by further improving information sharing about serious incidents within the company.

All divisions of SSAB run safety development programs. These programs focus on leadership, training and the involvement of all employees in observing risks and executing corrective and preventive actions. Safety work is also being enhanced by aiming to improve incident data collection and tracking, as well as by utilizing a more systematic approach to analyzing the root causes of incidents. Safety campaigns focusing on a particular risk area have been organized at different sites. Special emphasis is given to contractor safety.

SSAB employees recorded numerous proactive safety observations, which help the company to reduce and eliminate the risks in the work environment. In 2016, the safety observation frequency was 1,073 (764) per million working hours. A total of 27,830 (20,139) such observations were reported. The reporting and fast implementation of corrective actions is the most important tool toward SSAB's goal of becoming an accident-free working environment.

LA6 - Total number of injuries, Lost Time Injury Frequency and fatalities	2016	2015	2014
Total number of injuries	209	197	188
SSAB's employees	173	166	188
Contractors[1]	36	31	
Lost Time Injury Frequency (LTIF)[2) 3)]	7.0	6.3	
SSAB's employees	6.7	6.2	6.9
Sweden	7.8	7.6	
Finland	8.6	8.8	
Russia	0.6	0.5	
USA	2.2	2.6	
Other Europe	4.7	2.3	
Rest of the world	8.5	3.5	
Total number of fatalities	1	1	1
Employees	1		
Contractors		1	1

1) The data for contractors is not available for 2014
2) Number of injuries resulting in an absence of more than one day per million working hours. Lost time injury (LTI) is any work-related injury, resulting in the employee not being able to return to work for the next calendar day
3) The breakdown of LTIF by region is not available for 2014, nor for contractors

MATERIAL ASPECT: TRAINING AND EDUCATION

LA10 – Programs for skills management and lifelong learning that support the continued employability of employees and assist them in managing their careers

SSAB's success largely depends on the dedication and skills of its employees, both as individuals and as part of a global team. To ensure both individual and company success, SSAB is committed to the constant development of its workforce.

New employees learn and advance through on-the-job training, mentoring, engaging in challenging work tasks and projects together with diverse teams, gaining experience and expanding their knowledge. All employees participate annually in performance dialogs with their managers to ensure continuous development and communication. These ongoing discussions provide a forum for mutual feedback, workload prioritization and improved performance and engagement.

In addition, SSAB continually looks for opportunities to develop the skills and experience of talented employees. Managerial candidates are offered development opportunities through on-the-job learning such as challenging projects and tasks and meetings with senior management. SSAB also runs an internal mentoring program and participates in consortium programs with other global companies to develop strategic skills of talented managers. Other group-wide initiatives include the business ethics e-learning program, the business development program to expand participants' business skills and networks within the company, and a technical development trainee program which aims to help employees quickly learn technical knowledge about the business. For senior specialists, there is a Technical Specialist program to identify specialists within the company with key core competencies.

Regarding continuous learning and improvement, SSAB has training sessions to familiarize all employees with the SSAB One management philosophy and encourage them to apply company values and continuous improvement principles in their daily work. It is implemented through a train-the-trainer concept: SSAB's managers involve their teams to SSAB One learning modules, each of which consists of a workshop, on-the-job learning and evaluation of progress. The aim is to continuously improve the work flow based on customer needs, and it involves all employees to participate in the improvement efforts. Over the coming years, SSAB's ambition is to successfully introduce all eight modules across all work teams within the organization.

As described above, SSAB invests in a few strategic development initiatives. However, much of the responsibility for training and education is at the divisional and local level, as each business unit has the best knowledge of their specific needs and circumstances. An example of a divisional program is new managers' training, and local examples include introductory and orientation training for a new employees, including topics such as health and safety, use of information technology, and company policies and practices.

G4-LA11 Percentage of employees receiving a regular performance appraisal and career development review
Aligning individual performance with SSAB's strategic direction is a central element in being a high-performing organization. Clarity concerning objectives and performance expectations, as well as regular feedback, are key elements and enablers to effectively manage SSAB's change journey, implement the business strategy and achieve results. Annual performance dialogs between employees and managers are a key element in following up on results, providing mutual feedback, discussing workplace culture and planning future performance and individual development. SSAB's target is for annual performance dialogs between managers and employees to occur with all employees. SSAB continuously reviews and aligns reward structures to ensure performance management processes are effectively supported. In 2016, the annual rate of conducted performance dialogs was 91%.

MATERIAL ASPECT: DIVERSITY AND EQUAL OPPORTUNITY

The management approach of diversity and equal opportunity is described in the Business Review (BR) in the High-performing organization section, p. 63.

G4-LA12 Composition of governance bodies and breakdown of employees per employee category according to gender and age group

Percentage of individuals within the organization's governance bodies in the diversity categories gender and age group	2016		2015	
	Board of Directors[1]	Group Executive Committee	Board of Directors[1]	Group Executive Committee
Total number	8	9	11	10
Women	37.5%	22%	18%	20%
Men	62.5%	78%	82%	80%
<30 years	0%	0%	0%	0%
30–50 years	12.5%	33%	18%	60%
>50 years	87.5%	67%	82%	40%

[1] Alternate members (6) not included

Percentage of total number of employees per employee category and diversity categories gender and age	2016			2015			2014		
	Front-line workers	Office employees	Total	Front-line workers	Office employees	Total	Front-line workers	Office employees	Total
Women	10%	33%	19%	9%	33%	19%	10%	32%	19%
Men	90%	67%	81%	91%	67%	81%	90%	68%	81%
<30 years	12%	6%	10%	12%	6%	10%	13%	8%	11%
30–50 years	52%	61%	56%	53%	62%	56%	54%	62%	57%
>50 years	35%	33%	35%	35%	32%	34%	33%	31%	32%

MATERIAL ASPECTS: SUPPLIER ASSESSMENT FOR LABOR PRACTICES HUMAN RIGHTS

SSAB systematically identifies the risks relating to the Group's suppliers. SSAB does this by placing suppliers in various risk categories depending on the countries in which they operate. Classification is based on Maplecroft´s Human Rights Risk Index and Transparency International´s Corruption Perceptions Index. Classification in this way illustrates the risks relating to, for example, human rights, labor conditions and corruption. Suppliers who are placed in the medium- or high-risk group are required to complete a self-assessment questionnaire containing questions about their business such as their social conditions and environmental credentials. Unsatisfactory answers are investigated.

SSAB also conducts regular visits to major suppliers of raw materials around the world, including high-risk suppliers. On these visits, purchasers and quality managers visit production sites and conduct quality inspections. SSAB updated its on-site protocols during 2016 and monitoring of suppliers social conditions and environmental performance will be subject of greater focus during future visits. The procurement organization was also trained during the year to evaluate information gathered during site visits regarding the supplier's social and environmental performance.

SSAB has a target related to supplier evaluation: "All suppliers registered in SSAB's purchasing system and identified as medium- or high-risk suppliers must complete a self-assessment questionnaire regarding their social and environmental conditions." SSAB seeks to classify country risks in the same way as Maplecroft's Human Rights Risk Index and Transparency International's Corruption index, so that the company adheres to an international standard in the risk assessment of suppliers.

Work is underway to evaluate SSAB's purchasing system. SSAB´s sustainability target for the responsible supply chain refers to the purchasing system used by part of SSAB prior to the merger with Rautaruukki.

At the end of 2016, 3,730 (3,456) of SSAB´s 20,000 active suppliers were registered in SSAB's purchasing system, of which 1,033 (902) were risk classified and had CSR[1] status. 66 (51) suppliers have been identified as medium-risk suppliers and 111 (81) as high-risk suppliers, and have also completed the self-assessment questionnaire regarding their social and environmental conditions. Those parts of the organization that do not have access to the purchasing system evaluate their suppliers and follow up on suppliers' performance through other internal systems.

Suppliers registered in SSAB's purchasing system	CSR status[1]	CSR risk status	Completed self-assessments
3,730	Approved for purchasing: 1,033	High: 111 Medium: 66 Low: 3,553	High: 111 Medium: 66

[1] CSR status = Supplier has a CRS status, if it has a CSR risk classification.

More information about sourcing can be found in the Business Review in the Responsible sourcing section on p. 73–75.

GRI CONTENT INDEX

SSAB's GRI report is prepared in accordance with the GRI G4 Core option. The report also constitutes Communication on Progress (CoP) reporting to UN's Global Compact.

BR = Business review
GRI = GRI report

CGR = Corporate governance report
FR = Financial reports 2016

GENERAL STANDARD DISCLOSURES			
Code	**Description**	**Page in the report**	**Comments and omissions**
	STRATEGY AND ANALYSIS		
G4-1	CEO's statement	BR 9–10	
	ORGANIZATIONAL PROFILE		
G4-3	Name of the Organization	See comments	SSAB AB
G4-4	Primary Brands, Products and Services	BR 26–54	
G4-5	Location of the organization's headquarters	See comments	Stockholm
G4-6	Number of countries where the organization operates	BR 3, 56	
G4-7	Nature of ownership and Legal Form	See comments	SSAB AB is a public company. SSAB is listed on the Nasdaq OMX Stockholm and Nasdaq OMX Helsinki exchanges.
G4-8	Markets served	BR 12, FR 4, 74	
G4-9	Scale of the organization	BR 3, 56, FR 24	
G4-10	Number of employees	GRI 27	SSAB does not hold information about external staff/contractors in its global reporting system.
G4-11	Employees covered by collective bargaining agreements	GRI 28	
G4-12	Description of the organization's supply chain	BR 7–8, 73–75	
G4-13	Significant changes during the reporting period	See comments	No significant changes during the reporting period.
G4-14	Precautionary approach	FR 16–22	
G4-15	Externally Developed Economic, Environmental and Social Charters, Principles, or Other Initiatives to Which the Organization Subscribes or Which It Endorses	BR 69–72	
G4-16	Memberships of associations	GRI 8	

Code	Description	Page in the report	Comments and omissions
	IDENTIFIED MATERIAL ASPECTS AND BOUNDARIES		
G4-17	Entities Included in the Organization's Consolidated Financial Statements	FR 56–59	The entities included in SSAB's Consolidated Financial Statements are listed in Note 8 to the Consolidated Financial Statements.
G4-18	Process for Defining the Report Content	GRI 2, 5	
G4-19	Material Aspects	GRI 3–4	
G4-20	Entities or Groups of Entities Within the Organization for Which the Aspects Are Material	GRI 4	
G4-21	Entities or Groups of Entities Outside of the Organization for Which the Aspects Are Material	GRI 4	
G4-22	Effect of any Restatements of Information Provided in Previous Reports, and the Reasons for Such Restatements	GRI 5	
G4-23	Significant Changes from Previous Reporting Periods in the Scope and Aspect Boundaries	GRI 5	
	STAKEHOLDER ENGAGEMENT		
G4-24	Stakeholder Groups Engaged by the Organization	GRI 7	
G4-25	Basis for Identification and Selection of Stakeholders	GRI 7	
G4-26	Organization's Approach to Stakeholder Engagement	GRI 7	
G4-27	Key Topics and Concerns that Have Been Raised through Stakeholder Engagement	GRI 7	
	REPORT PROFILE		
G4-28	Reporting Period	See comments	January 1, 2016 – December 31, 2016
G4-29	Date of Most Recent Previous Report	See comments	March 15, 2016
G4-30	Reporting Cycle	See comments	Annual
G4-31	Contact Point for Questions Regarding the Report or its Contents	See comments	Liisa-Maija Seppänen, Investor Relations Manager: liisa-maija.seppanen@ssab.com
G4-32	GRI content index	GRI 34–38	SSAB's GRI Report 2016 is prepared in accordance with the Core option of the GRI G4 Guidelines.
G4-33	Policy and Current Practice with Regard to Seeking External Assurance	GRI 5	This GRI Report has not been verified by an external party.
	GOVERNANCE		
G4-34	Governance Structure, Including Committees	CGR	
	ETHICS AND INTEGRITY		
G4-56	Organization's values, principles, standards and norms of behavior such as codes of conduct and codes of ethics	BR 6, BR 69–72	

SPECIFIC STANDARD DISCLOSURES			
Code	**Description**	**Page in the report**	**Comments and omissions**
ECONOMIC IMPACTS			
Economic performance			
G4-DMA	Generic Disclosures on Management Approach	BR 16–21, BR 23, CGR	
G4-EC1	Direct economic value generated and distributed	GRI 9	SSAB is currently unable to report on community investments (donations) at a Group level.
ENVIRONMENTAL IMPACTS			
Materials			
G4-DMA	Generic Disclosures on Management Approach	GRI 6, GRI 11, GRI 15-16	
G4-EN1	Materials used by weight or volume	GRI 15	
G4-EN2	Percentage of materials used that are recycled input materials	GRI 15–16	
Energy			
G4-DMA	Generic Disclosures on Management Approach	GRI 6, GRI 11, GRI 18	
G4-EN3	Energy consumption within the organization	GRI 19	
G4-EN5	Energy intensity	GRI 20	
G4-EN6	Reduction of energy consumption	GRI 20	Partly reported
Water			
G4-DMA	Generic Disclosures on Management Approach	GRI 6, GRI 11, GRI 21	
G4-EN8	Total water withdrawal	GRI 21	
Emissions			
G4-DMA	Generic Disclosures on Management Approach	GRI 6, GRI 11, GRI 22	
G4-EN15	Direct greenhouse gas (GHG) emissions (Scope 1)	GRI 23	
G4-EN16	Energy indirect greenhouse gas (GHG) emissions (Scope 2)	GRI 23	
G4-EN18	Greenhouse gas (GHG) emissions intensity	GRI 23-24	
G4-EN19	Reduction of greenhouse gas (GHG) emissions	GRI 24	Partly reported
G4-EN21	NO_x, SO_x, and other significant air emissions	GRI 24–25	
Effluents and waste			
G4-DMA	Generic Disclosures on Management Approach	GRI 6, GRI 11, GRI 17	
G4-EN23	Total weight of waste by type and disposal method	GRI 17	At Group level information on disposal methods is not available

Code	Description	Page in the report	Comments and omissions
Products and services			
G4-DMA	Generic Disclosures on Management Approach	BR 16–21	
G4-EN27	Extent of impact mitigation of environmental impacts of products and services	BR 47–52	
SOCIAL IMPACTS			
LABOR PRACTICES AND DECENT WORK			
Employment			
G4-DMA	Generic Disclosures on Management Approach	BR 62–64	
G4-LA1	Total number and rates of new employee hires and employee turnover by age group, gender and region	GRI 29	
Occupational health and safety			
G4-DMA	Generic Disclosures on Management Approach	BR 65–67, GRI 30	
G4-LA5	Percentage of total workforce represented in formal joint management-worker health and safety committees that help monitor and advise on occupational health and saftey programs	GRI 30	
G4-LA6	Type of injury and rates of injury, occupational diseases, lost days, and absenteeism, and total number of work-related fatalities, by region and by gender	GRI 31	Partly reported. Incident data is also collected for contractors at main production sites. Incident frequency reporting regarding contractors was added to the reporting in 2016. Data on occupational diseases rate and absence rate is not available for the whole group at the moment. The global reporting is being developed and harmonized.
Training and education			
G4-DMA	Generic Disclosures on Management Approach	BR 62–64, GRI 25	
G4-LA10	Programs for skills management and lifelong learning that support the continued employability of employees and assist them in managing career endings	GRI 31	
G4-LA11	Percentage of employees receiving regular performance and career development reviews, by gender and by employee category	GRI 32	Partly reported
Diversity and equal opportunity			
G4-DMA	Generic Disclosures on Management Approach	BR 62–64	
G4-LA12	Composition of governance bodies and breakdown of employees per employee category according to gender, age group, minority group membership, and other indicators of diversity	GRI 32	
Supplier assessment for labor practices			
G4-DMA	Generic Disclosures on Management Approach	BR 72–75, GRI 33	

Code	Description	Page in the report	Comments and omissions
G4-LA14	Percentage of new suppliers that were screened using labor practices criteria	See comments	SSAB is currently unable to report about this indicator according to GRI guidelines. However, SSAB reports about the policies applied in the work with suppliers as well as the processes in place to identify and evaluate risks related to suppliers and their responsibility performance.
		HUMAN RIGHTS	
Supplier human rights assessment			
G4-DMA	Generic Disclosures on Management Approach	BR 72–75, GRI 33	
G4-HR10	Percentage of new suppliers that were screened using human rights criteria	See comments	SSAB is currently unable to report about this indicator according to GRI guidelines. However, SSAB reports about the policies applied in the work with suppliers as well as the processes in place to identify and evaluate risks related to suppliers and their responsibility performance.
		SOCIETY	
Anti-corruption			
G4-DMA	Generic Disclosures on Management Approach	BR 70–72, GRI 6, GRI 26	
G4-SO4	Communication and training on anti-corruption policies and procedures	BR 70–72, GRI 6, GRI 26	

FINANCIAL REPORTS 2016

FINANCIAL REPORTS 2016

The Financial Reports 2016 is published in Swedish and English. In the event of any differences between the English translation and the Swedish original, the Swedish Financial Reports 2016 shall prevail.

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

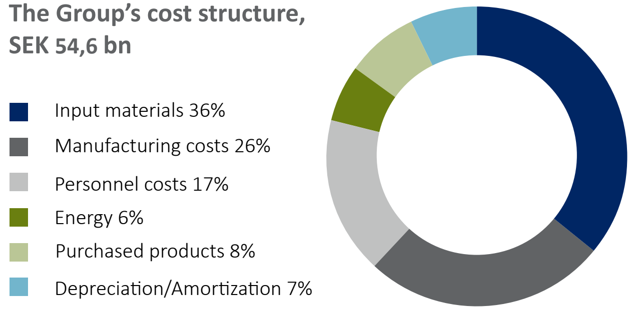
SEK millions	2016	Share, %	2015	Share, %
USA	13,071	24	11,843	21
Sweden	9,461	17	9,519	17
Finland	6,258	11	6,571	12
Germany	3,229	6	3,210	6
Noway	2,727	5	2,696	5
Other	20,608	37	23,025	39
Total	**55,354**	**100**	**56,864**	**100**

Earnings

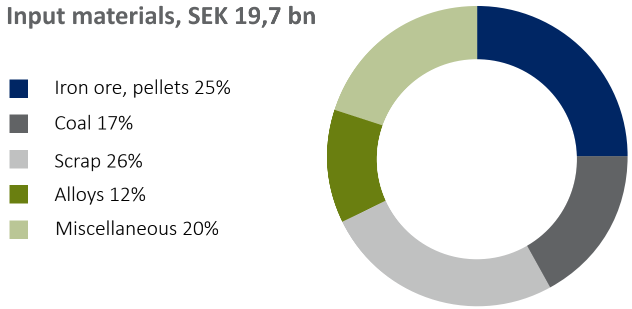
Operating profit for the full year was SEK 1,213 (-243) million, up SEK 1,456 million compared with the full year 2015. Improved earnings were mainly due to lower variable and fixed costs, positive currency effects, higher volumes and better capacity utilization. However, the impact of this was counteracted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

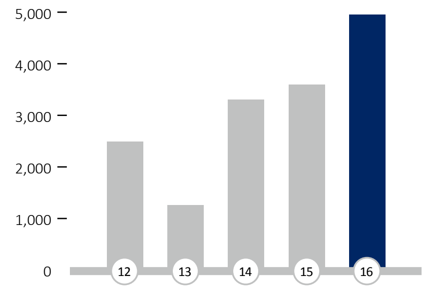


Input materials, SEK 19,7 bn



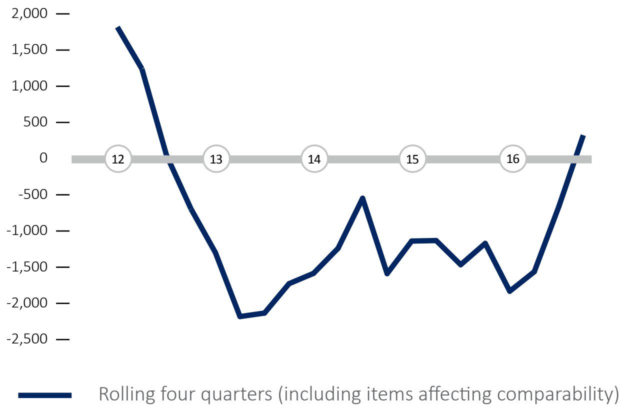
EBITDA

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.

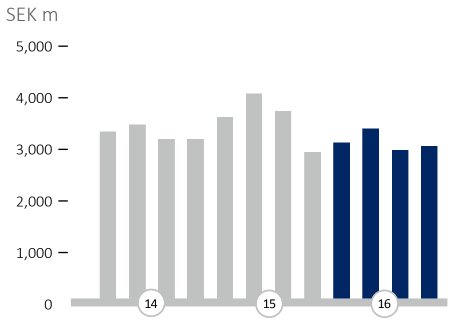
External shipments of steel for the full year 2016 were 1,008 (937) thousand tonnes, an increase of 8%.

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.

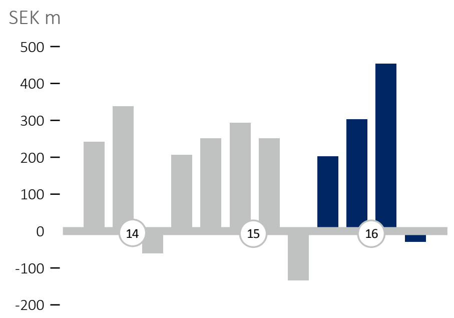
Sales per quarter[1]



[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.

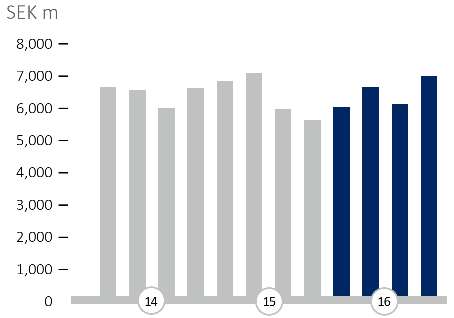
SSAB Europe

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.

Sales per quarter[1)]



[1)] Qs 1–4, 2014 pro forma

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.

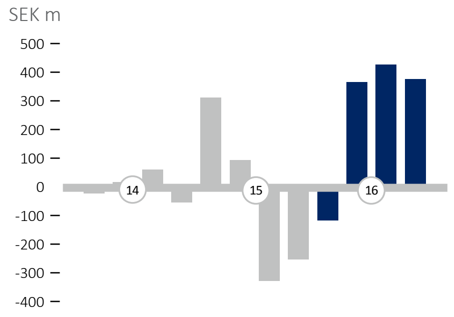
Crude steel production for the full year was 4,681 (4,050) thousand tonnes, up 15%, primarily because the blast furnace in Luleå was in operation throughout 2016.

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.

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.

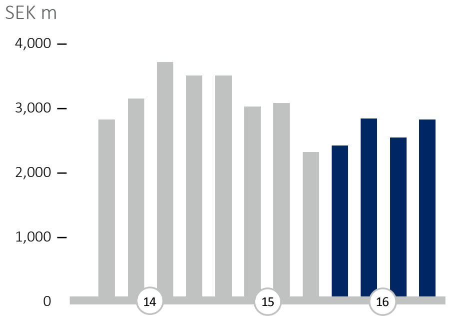
External shipments for the full year 2016 were 1,924 (1,888) thousand tonnes, up 2% compared with the full year 2015.

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.

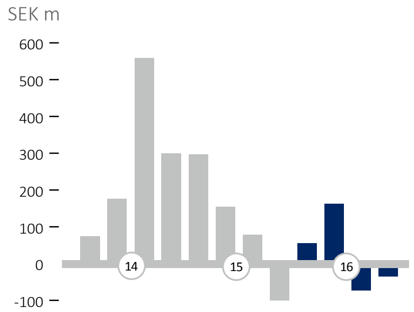
Sales per quarter[1)]



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

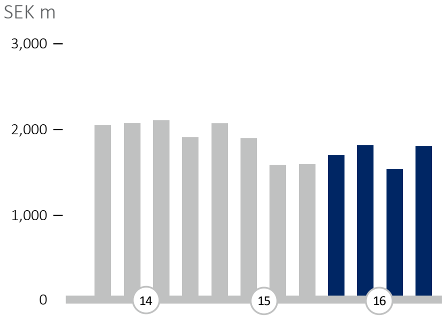
SEK millions	2016 Full year	2015 Full year
Sales	6,879	7,163
Operating profit before depreciation/amortization, EBITDA	194	65
Operating profit/loss[1)]	108	-10
Operating cash flow	191	375
Number of employees at end of period	1,137	1,208

[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.

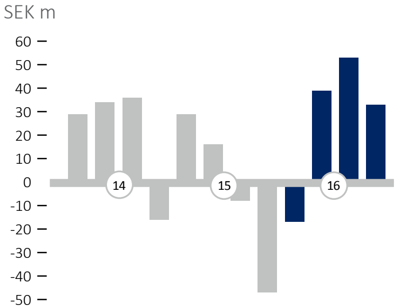
Sales per quarter[1)]



[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

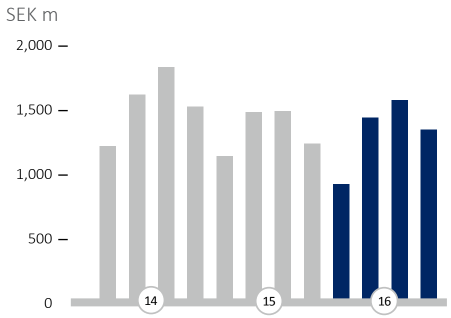
SEK millions	2016 Full year	2015 Full year
Sales	5,304	5,374
Operating profit before depreciation/amortization, EBITDA	322	208
Operating profit/loss[1)]	171	18
Operating cash flow	243	168
Number of employees at end of period	2,543	2,979

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

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.

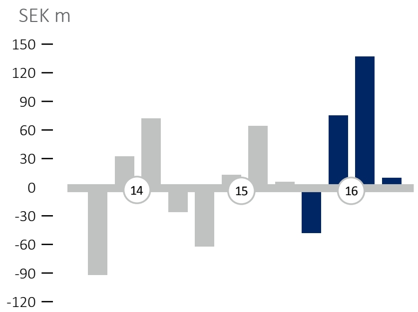
Sales per quarter[1)]



[1)] Qs 1–4, 2014 pro forma

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.

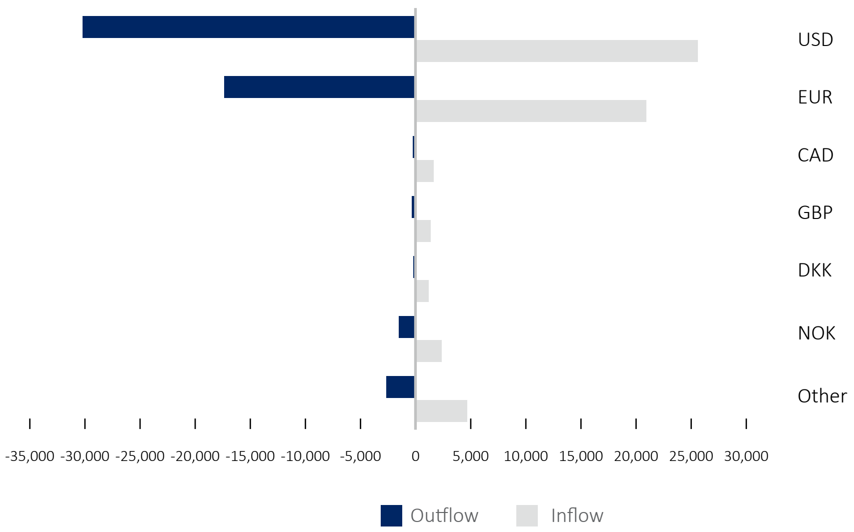
Risk factor	Risk description	Response and initiatives
REFINANCING RISK/ LIQUIDITY RISK	'Refinancing risk/liquidity risk' means the risk of SSAB being unable to pay its obligations due to insufficient liquidity or difficulties in raising new loans.	The borrowing strategy is focused on securing the Group's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

SEK millions	2016 Customer relations	2016 Trademarks	2016 Emission rights[1]	2016 Other intangible assets	2016 Trademarks with undeter-minable useful life	2016 Goodwill	2016 Total intangible assets	2015 Customer relations	2015 Trademarks	2015 Emission rights[1]	2015 Other intangible assets	2015 Trademarks with undeter-minable useful life	2015 Goodwill	2015 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 improve-ments**	**Buildings**	**Machinery**	**Equipment, tools, fixtures and fittings**	**Construction in progress and advances to suppliers**	**Total tangible fixed assets**	**Land and land improve-ments**	**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.

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.

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

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

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

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

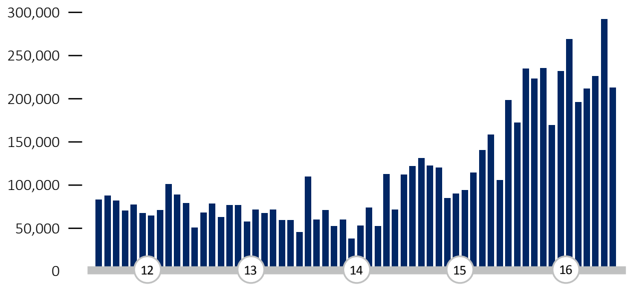
Share-related key figures

		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

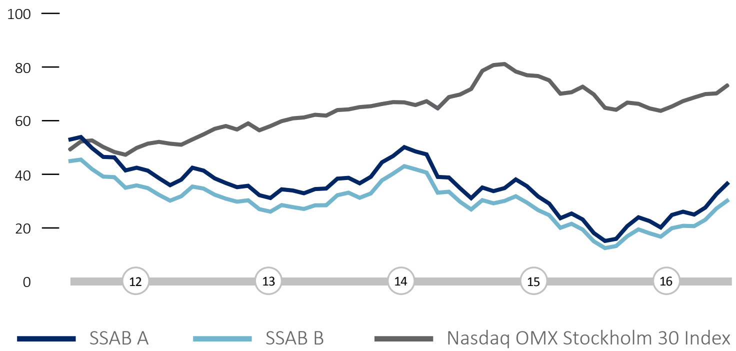
Thousands



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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