
SSAB
A stronger,
lighter and more
sustainable world

SSAB lyhyesti

Markkinatilanne

Kiinan markkinatalous status

EU ETS 2021 - 2030

# SSAB lyhyesti

# SSAB lyhyesti

- Pohjoismainen ja yhdysvaltalainen maailmanlaajuisesti toimiva teräsyhtiö
- Pitkälle kehitettyjen lujien terästen ja nuorrutusterästen sekä nauha-, levy- ja putkituotteiden sekä rakentamisen ratkaisujen johtava valmistaja
- Noin 17 000 työntekijää 50 maassa
- Terästehtaita Ruotsissa, Suomessa ja Yhdysvalloissa
- Vuosittainen teräksen tuotantokapasiteetti 8,8 miljoonaa tonnia
- Rakentuu viidestä divisioonasta:
  - SSAB Special Steels, SSAB Europe, SSAB Americas, Tibnor, Ruukki Construction
- Noteerattu Nasdaq OMX Nordic Tukholmassa ja toissijaisesti Nasdaq OMX Helsingissä


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# Visiomme on




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# Laajentunut teräksen tuotanto Pohjoismaissa

1

**Luulaja – 1 200 työntekijää**
Teräksen valmistus
SSAB Europe

2

**Raahe – 2 800 työntekijää**
Teräksen valmistus, kvarttolevyt ja nauhatuotteet, SSAB Europe

3

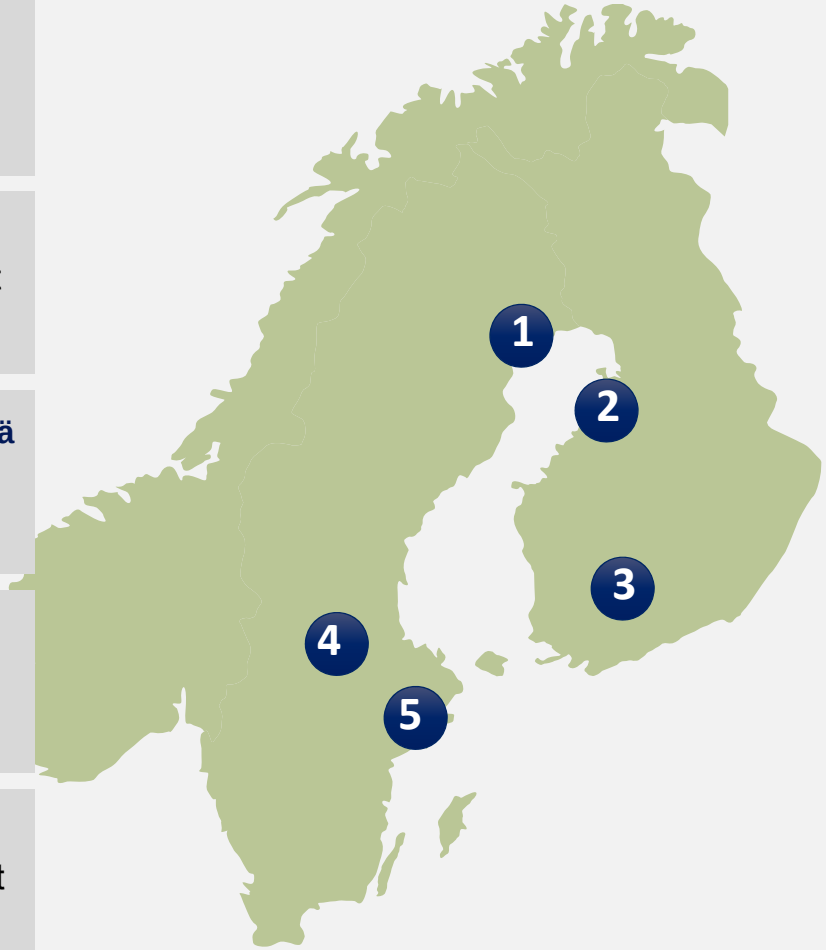
**Hämeenlinna – 900 työntekijää**
Nauhatuotteet ja putket
SSAB Europe

4


**Borlänge – 2 100 työntekijää**
Nauhatuotteet
SSAB Europe

5

**Oxelösund – 2 400 työntekijää**
Teräksen valmistus, kvarttolevyt
SSAB Special Steels

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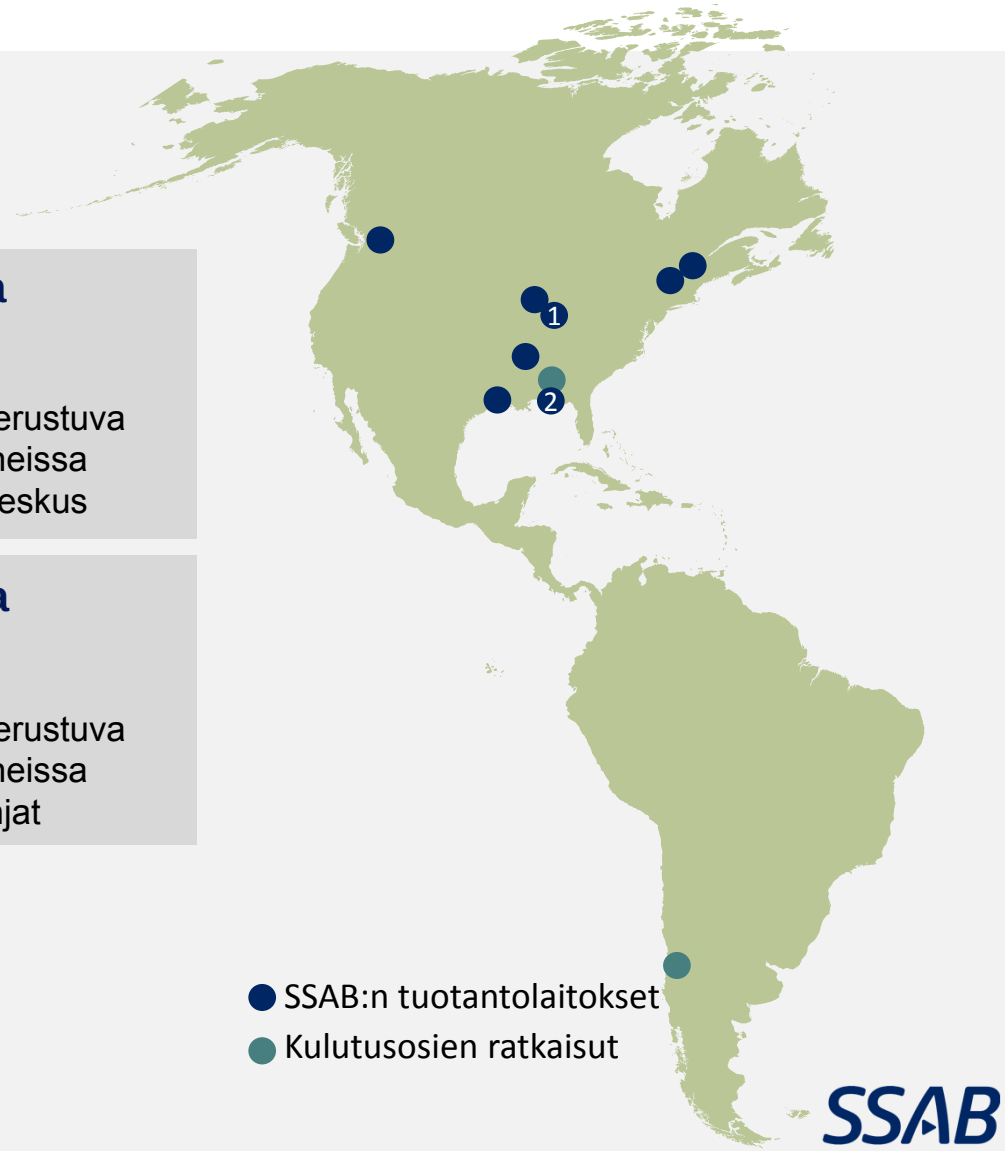
# Kaksi tuotantolaitosta Yhdysvalloissa

1

**Montpelier, Iowa**
Työntekijöitä 500
Kvarttolevytehdas
Kierrätysteräkseen perustuva tuotanto valokaariuuneissa
Tutkimus- ja kehityskeskus

2

**Mobile, Alabama**
Työntekijöitä 600
Kvarttolevytehdas
Kierrätysteräkseen perustuva tuotanto valokaariuuneissa
Nuorrutusteräksen linjat

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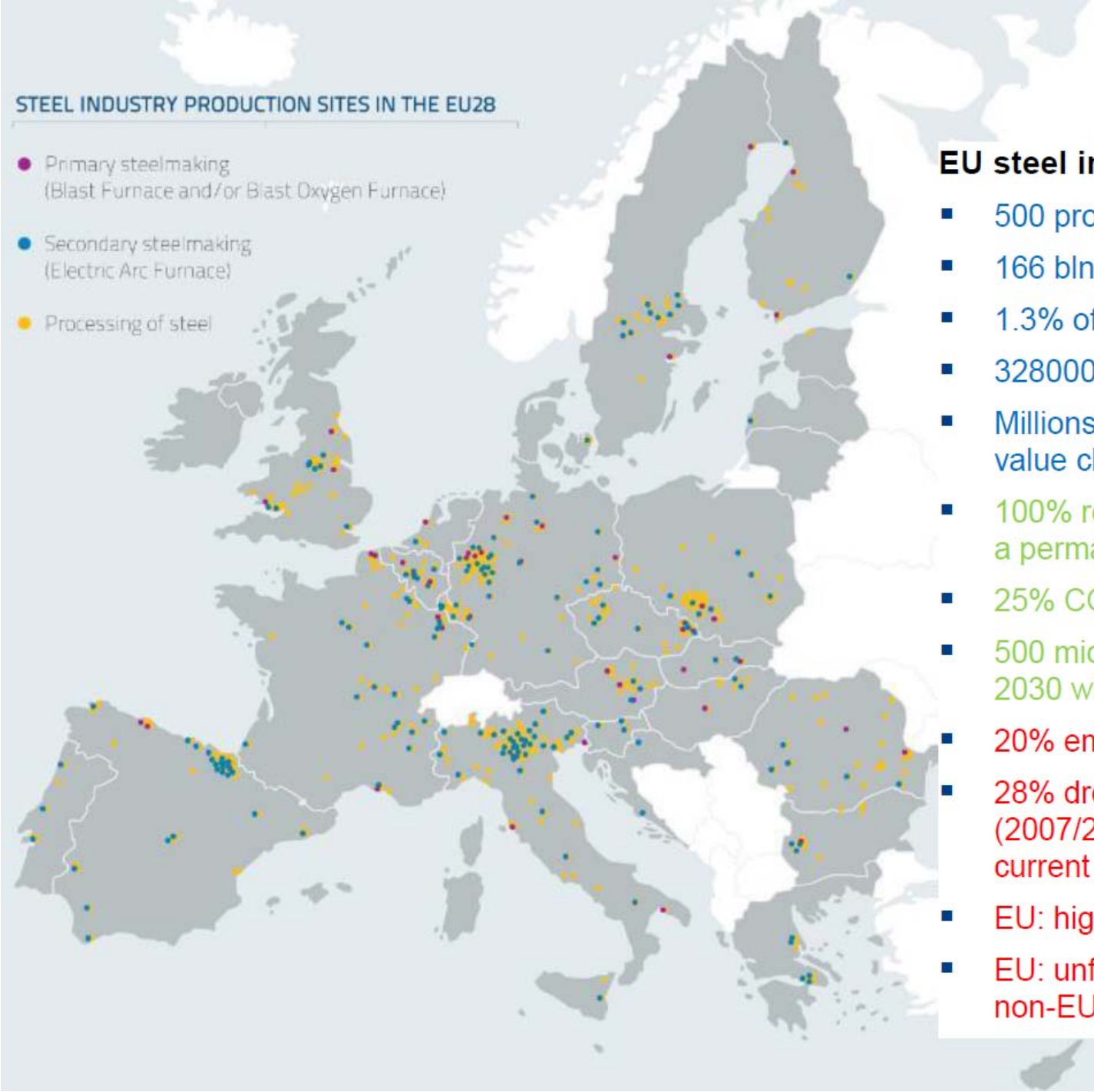
# Global Steel market situation




EUROFER
The European Steel Association

## EU steel industry

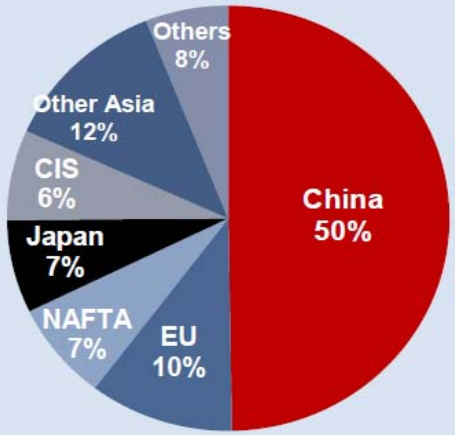
- 500 production sites
- 166 bln € turnover
- 1.3% of EU's GDP
- 328000 direct jobs
- Millions of dependent jobs in value chain & service sectors
- 100% recycable, endlessly, steel: a permanent material
- 25% CO2 reduction since 1990
- 500 mio. t CO2 savings p.a. by 2030 with innovative steel
- 20% employment drop vs. 2007
- 28% drop in EU steel demand (2007/2014), imports benefit from current modest recovery
- EU: high energy prices
- EU: unfair trade practices from non-EU countries

# Global Steel Capacity

- Excess steelmaking capacity has worsened worldwide as global steel demand growth softened while new capacity build-up continued
- Gobal excess capacity in steel is estimated at almost 700 million tonnes

**Global Crude Steel Production 2014**

**1 647 million tonnes**




OECD


Source: Eurofer



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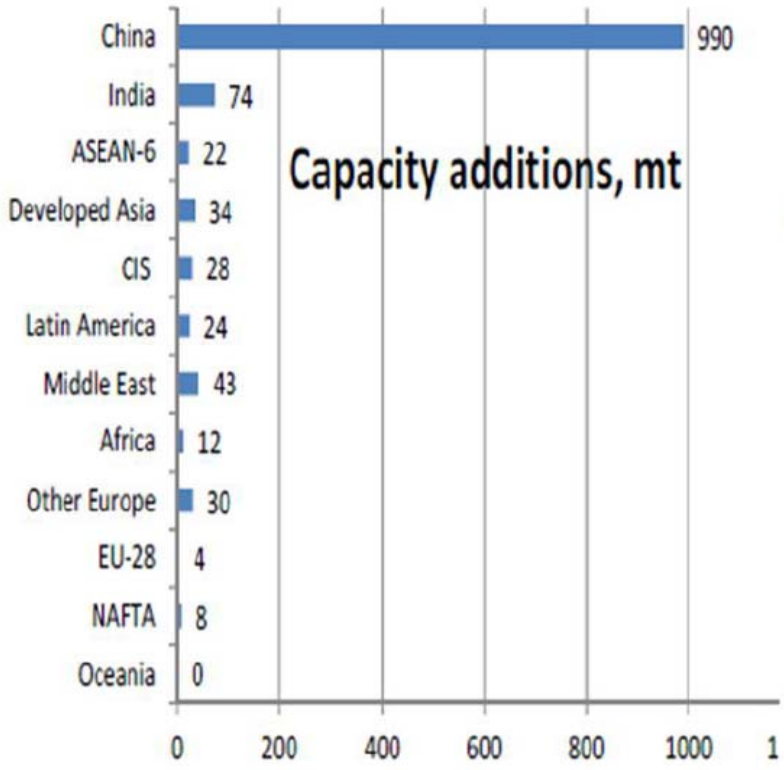
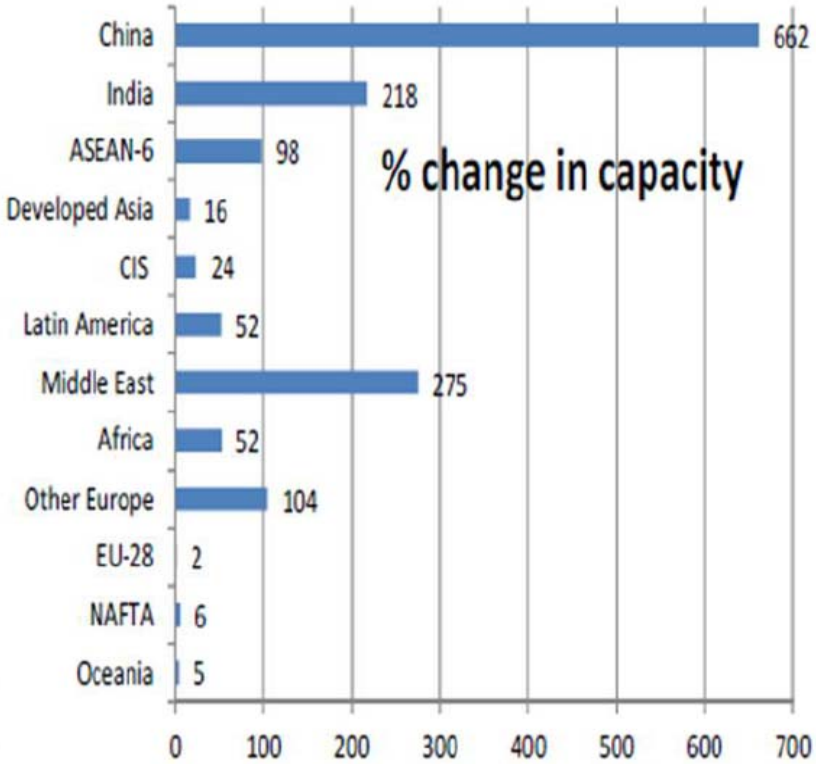
# Global Steel Capacity




Source: Eurofer



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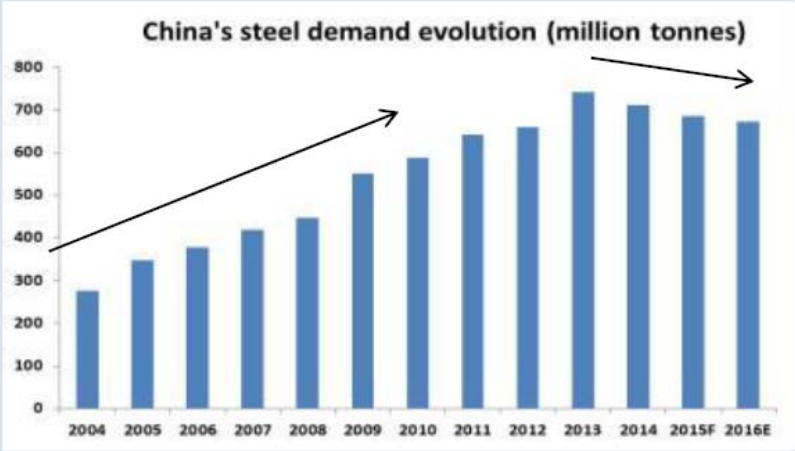
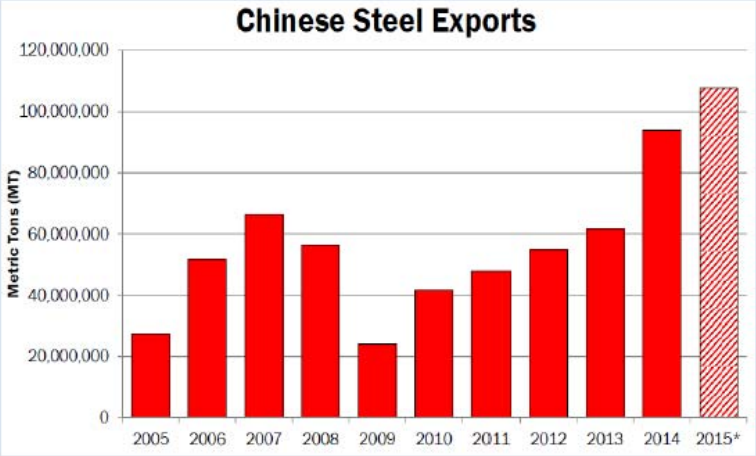
# Chinese steel demand and exports

- China's steel demand declined since 2014 (-3.3%), 2015E (-3.5%) and 2016F (-2%)
- Consequently, Chinese steel exports exploded in 2014 (up to 90 million tonnes) further intensifying in 2015 (up to 110 million tonnes)




worldsteel




*2015 Annualized using Chinese export data through August 2015
WorldSteel Association, Government of China

Source: Eurofer



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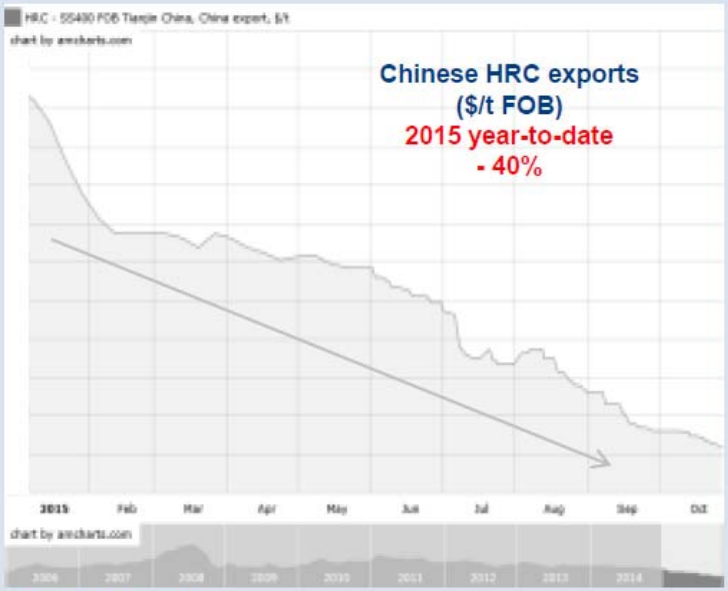
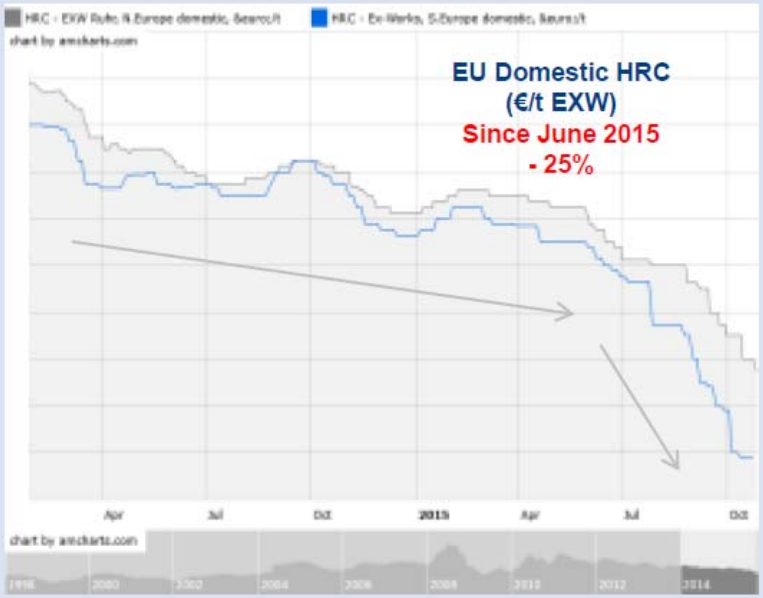
# Chinese steel prices collapsing

China's steel prices spiralling down below variable costs depressing EU import and domestic prices

- Chinese export hot-rolled coil (HRC) prices collapsed by -40% (2015 year-to-date)
- HRC import prices in the EU decreased by -30% (2015 YTD)
- EU HRC domestic prices collapsed in summer this year (-25%)




SBB steel / Platts

Source: Eurofer



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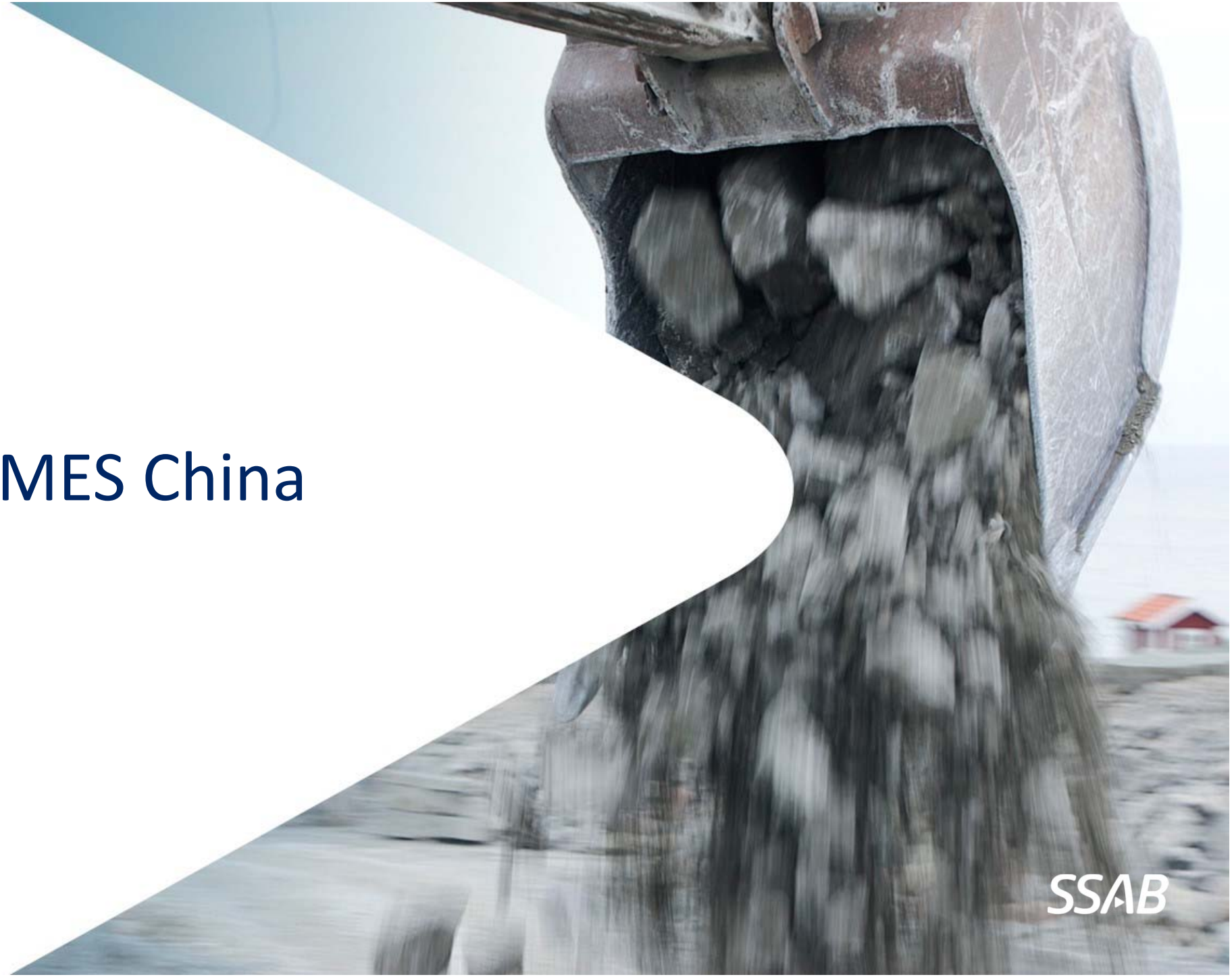
# MES China



# Trade defencing mechanisms are critical

Granting AUTOMATIC Market Economy Status to China would make EU anti-dumping measures ineffective, leading to:

**Unlimited access for dumping Chinese products onto the EU market**

CURRENTLY

China makes up **>50%** of all EU anti-dumping cases

Global anti-dumping and anti-subsidy actions against China have increased by **60%** since 2010

Source: Eurofer

# Impact of MES China to EU steel industry

The unilateral grant of Market Economy Status would put the European Steel Industry at risk:

Impact on the European steel industry

- Up to 350,000 jobs at risk
- 1.6 – 3.4 percent of total industry employment

European business association, **BusinessEurope**, position on MES China:

- No obligation for the EU to grant MES to China after 11 December 2016
- Granting MES is a decision that should be based on its own merits. The last assessment made by the Commission showed that China only meets 1 of the 5 technical criteria to be granted MES
- Any decision should be based on a solid and comprehensive impact assessment
- The EU must coordinate with the positions of other major WTO members

Source: Eurofer



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# US Economy Policy Institute on MES China

Recent study from **US Economic Policy Institute** estimates that the EU's unilateral granting of MES to China could result in:

- **1.7 to 3.5 million** EU jobs at risk
- **1%** reduction in EU GDP
- Up to **€142.5 billion** increased EU imports of manufactured goods
- Vulnerable industries include motor vehicle parts, paper and paper products, steel, ceramics, glass, aluminium and bicycles.

Economic Policy Institute

Study available: WWW.EPI.ORG

Source: Unilateral Grant of Market Economy Status to China Would Put Millions of EU Jobs at Risk, Robert E. Scott and Xiao Jiang, EPI Briefing Paper #407, 18 September 2015

Source: Eurofer



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# EU ETS 2021 - 2030

# EU-ETS 2021 - 2030

- $CO_2$ emission reduction to -43% by 2030 in comparison to 2005
  - High costs expected even for the best performers
  - 40% deficit of free emission allowances in average in steel sector by 2030 instead of current < 10%.
- Steel Industry Cannot Pass-Costs-Through
  - Newly imposed duties on steel prove the reality of too cheap imports
  - Investment leakage from Europe prove the reality of carbon leakage
- Voluntary national compensation for indirect CO2 costs from power sector for the sectors in risk of carbon leakage, makes even the European playing field uneven
- Ecofys: the Commision proposal creates € 34,2 bln direct and indirect costs for steel industry 2021-2030
  - this would equal to € 28/ton crude steel increase in production costs. The steel industry EBITDA past years has been on average € 35/t



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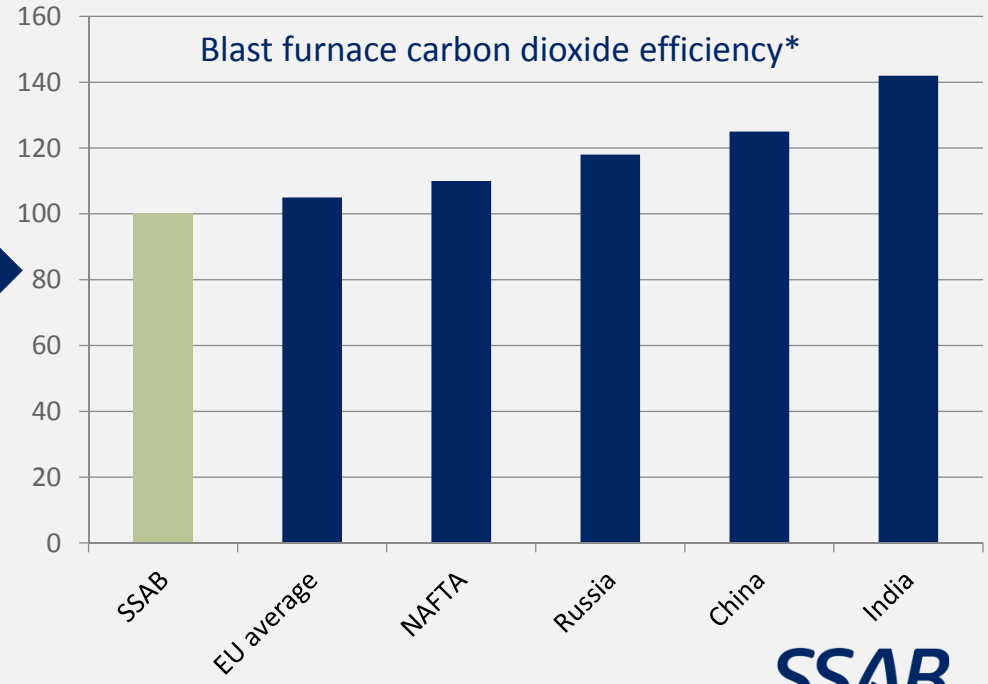
# Key messages

- It is bad for the environment
  - Tight environmental regulation in Europe garantees clean production
  - It will move steel production out of Europe
  - Steel made elsewhere creates more CO2

**Exporting jobs**

**Importing CO2**

more

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# Key messages

- It is bad for the economy
  - We will not be competitive on the world market – we need stable rules
  - Steelmakers will invest outside Europe
  - Today steel industry provides jobs for 1.500.000 people in Europe

**Exporting jobs**

**Importing CO2**

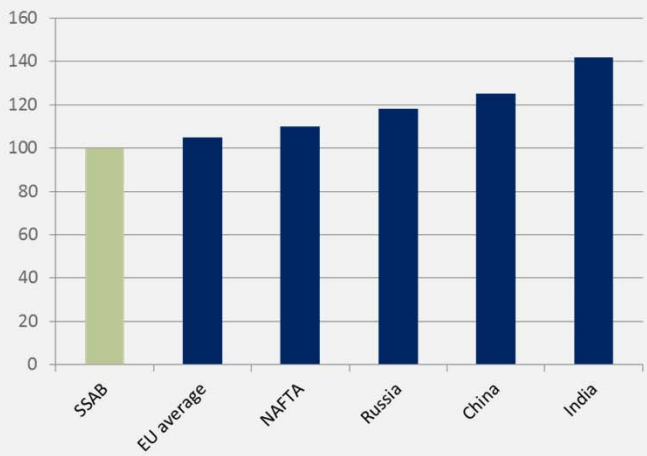
**Voestalpine invests record amounts outside EU**

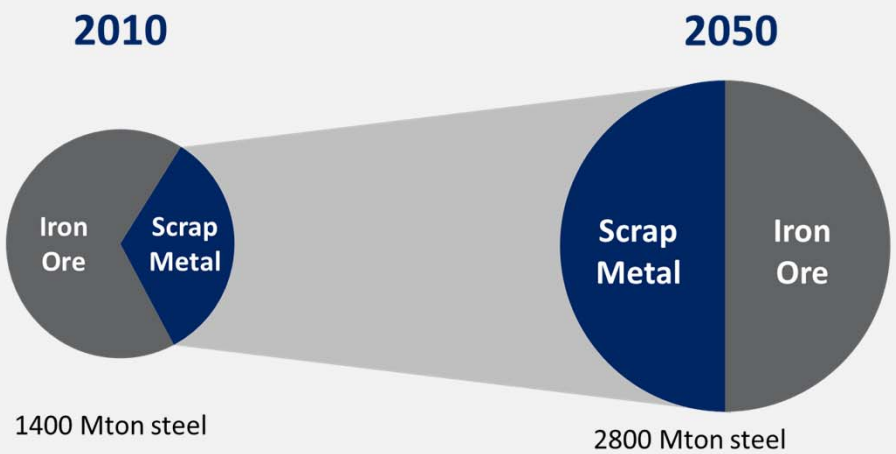
Voestalpine invested a record €1.18 billion in its 2014/15 financial year, up 26% year-on-year. With almost a third of the Austrian steelmaker's spending going towards projects outside Europe, the company is pressing ahead with its "internationalization strategy" as it attempts to combat the "volatile" economic development across the EU.
Just 3% of funds were invested in non-European markets in 2005/16; last year this reached 29%, with half of total investment taking place outside Austria. "This is a clear signal that in the future our economic base will no longer be solely in Europe.," the company said.
CEO Wolfgang Eder also pointed to the ongoing difficulties of investing in Europe. Referring to the HBI plant currently being by the company in Corpus Christi, Texas, Eder said: "If we built it in Austria, the costs would be €200 million higher per year. … and the environmental impact of the transportation of the HBI is marginal. It's a perfect location."
He continued: "We have to live with political decisions in Austria and these will influence our decision."

Steel Business Briefing 05.06.2015 08:24 FLE (06:24 GMT)

# We want to keep reducing emissions

- 100% free allocations based on **challenging benchmark**
  - 10% most efficient installations
  - 90% of the industry will still improve futher
- Steel industry worldwide is actively doing research for breakthrough steel making technologies with low CO2 emissions




In 2050, 50% of global steel production will still require iron ore

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# What do we want?

- Global Problem Needs Global Solution
  - SSAB strongly supports the goal to reduce emissions worldwide
  - However, effective level playing field is needed before any reform
  - we need R&D funding for breakthrough technologies rather than encourage cheap product flow to deliver our European customers;
- Need to protect carbon leakage as agreed in European Council Conclusions
  - No fixed relation between free allocation and auctioned allowances
  - If no fixed ration, correction factor not needed
- The most efficient installations need 100% free allocation by technically and financially achievable benchmark value
  - we need a positive policy that will reward the “best in class” in terms of CO2 emissions
- High electricity price increases require full national compensation in every member state
- Life cycle approach should be employed to constantly drive the regulation for END PRODUCTS towards a lower CO2 emission



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# Optimoitu paino ja vähemmän polttoainekuluja

Oma paino ja kulutuskestävyys ovat vaihtolavojen tärkeitä ominaisuuksia kiertotaloudessa.

Kulutuskestävällä teräksellä materiaalin paksuus uudessa kontissa väheni 5 millimetristä 2,5 milliin.

Uudella 39 m3 kontilla on pienempi paino (1 780 kg), suurempi kantokyky ja pienempi ilmanvastus.

Polttoaineenkulutus vähenee näin 4 litraa/100km. Tämä tarkoittaa 60 000 euron kustannussäästöjä polttoaineessa tuotteen eliniän aikana.*

*) elinikä 10 vuotta, ajo 100.000km/a, polttoainekustannukset 1.6 €/litra

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Vahvempi,
kevyempi ja
kestävämpi
maailma