

Anders Ullberg at SSAB'S General Meeting

In his address to the Annual General Meeting of the Shareholders in Borlänge, SSAB's CEO, Anders Ullberg gave several examples of SSAB's niche orientation and how this contributes to strengthening SSAB's position on the market.

Increase in niche products

- The upturn in the business cycle in 2000 in Europe was relatively short-lived and, from a volumes perspective, not particularly strong. SSAB's rate of delivery declined towards the end of last year and at the beginning of 2001.

- Against this background, the development of our niche products is especially gratifying, emphasised Anders Ullberg. High-strength sheet and quenched steels within the plate area increased by not less than 12% and, if we consider the areas in which we have made special efforts within the sheet area, namely extra and ultra high-strength steels, deliveries of these products increased by not less than 30%.

Focus on margins

In order to counteract a trend towards weaker steel consumption and pressure on sheet prices, SSAB has chosen to focus on margins instead of volumes.

- This, stated Anders Ullberg, is an important explanation as to why our prices are at largely the same level as during the fourth quarter. Prices have declined by approx. 3% in local currencies, - sheet prices fell by 5% whilst it was possible to continue to increase plate prices. The weaker krona reduced the effect and, as a result, we posted a price decrease of only 1% in Swedish krona.

- The reverse side of this success from a price perspective, says Anders Ullberg, is that we have been obliged to give up volumes. The hot rolling strip mill in Borlänge was curtailed periodically for market reasons and our volumes in the steel operations were approx. 4% lower than last year. However, thus far we believe that our strategy of prioritising margins in the steel operations, instead of volumes, has been successful.

SSAB made an early choice

Anders Ullberg noted that the past decade has involved significant consolidation in the European steel industry with a number of mergers, most recently Usinor and Arbed which are planning to merge to form the world's largest steel company with capacity of over 40 million tonnes, compared with SSAB's capacity of approx. 3.5 million tonnes.

- We are not surprised by this development, says Anders Ullberg. As early as the end of the 1980s, we made a strategic choice. We foresaw then a trend which would result in a number of large steel companies in Europe necessarily focused on major consumer groups within, for example, the automotive and building industries; in other words, a trend towards a product range based on bulk supplies. But we also

realised that profitable development opportunities would exist for smaller and medium-sized steel companies who decided to specialise. As is known, we chose the latter strategy.

- What was it, then, that we chose to specialise in? The generic term is high-strength products - high-strength sheet and quenched steels within the plate area. These are products that have experienced an annual growth of 5-7% compared with an annual growth of steel in general of approx. 1.5% during the past decade. The global market for these products is approx. 7 million tonnes, i.e. approx. 1% of the world market. Thus, these are not enormous markets but their size suits our scale and our niche orientation.

Continued positive growth opportunities

- We see continued good growth opportunities within quenched steels, emphasised Anders Ullberg. In addition to purely organic growth, we will grow by introducing new products, for example the thinner plate that we are able to produce in our new four-high rolling mill, and also by reaching new geographical markets outside Europe and the US where we are already strong today.

- Niche orientation in the sheet area came after that of plate. We have succeeded well, and last year high-strength sheet accounted for nearly 40% of volumes and we see great possibilities for continuing to grow within extra and ultra high-strength sheet, says Anders Ullberg. However, we must break new ground and, together with our customers, create new applications for these steels.

- By continuing to be able to create value for our customers we will be able to maintain good margins in our operations, thereby creating value for our shareholders, concluded SSAB's CEO.

Resolutions adopted at the Shareholders' Meeting

New Board members

Clas Reuterskiöld and Anders Ullberg were elected as new members of the Board of Directors. They succeed Carl-Erik Feinsilber and Torsten Sandin. Anders G. Carlberg, Per-Olof Eriksson, Leif Gustafsson, Sven-Åke Johansson, Anders Lannebo and Jan Sjöqvist were re-elected as Board members.

Dividend

The General Meeting resolved upon a dividend of SEK 5 per share. It is estimated that the dividend will be disbursed by VPC on 3 May 2001.

Repurchase of own shares - reduction in share capital

Since the preceding Annual General Meeting, the Board has exercised its mandate and repurchased 10% of the total outstanding shares for SEK 974 million.

In accordance with a proposal presented by the Board, the Annual General Meeting resolved that the share capital be reduced by SEK 280 million through a cancellation of repurchased shares without repayment.