



Public Affairs

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PRESS RELEASE

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Anders Ullberg at SSAB's General Meeting

In his address to the Annual General Meeting in Luleå, SSAB's CEO, Anders Ullberg, dwelt on, among other things, the steel business cycle, SSAB's niche orientation, and the American steel tariffs.

Developments in 2001

- 2001 was a weak year for steel. Admittedly, global steel consumption reached a new all-time high level thanks to China. However, in the rest of the world, steel consumption declined by 3 to 4 %. Thus, steel prices came under strong pressure in both Europe and the United States and we were forced to accept price reductions for sheet towards the end of 2001. We and other steel producers also experienced significant increases in costs for iron ore and coal. In addition, there were weak trends on both our home market and in Germany, which is our largest export market.

- Taken together, these factors led to a SEK 448 million decline in profit from the operations to SEK 835 million. When two non-recurring items are included, we posted a profit of SEK 913 million. This is a good result when compared with other steel companies in Europe and the United States; in fact, it is one of the very best. However, we can note that at a 6% return on equity, we failed to meet our profitability goal.

- Among the rays of light seen during the year I wish to mention the very good profitability of Plannja and SSAB HardTech, both of which reported a return on capital employed of approx. 20%.

Niche orientation

- Our strategy is based on a distinct niche orientation. In the plate area, the niche is quenched steels, i.e. plate with extremely high abrasion-resistance or strength. Our HARDOX and WELDOX trade marks are among the strongest in the steel world. Market growth in quenched steels has been at a rate of 5-7% per year and thus significantly higher than for plate in general. Within quenched steels, we have established a strong position with a global market share of just under 20%. Quenched steels account for approx. 80% of our plate sales.

- During the last few years, we have invested SEK 2.2 billion to increase capacity for our quenched steels. This provides us with the conditions to increase volumes by approx. 50% and we foresee the possibility of being able to fully utilise this new capacity within a five-year period.

- In the sheet area, we are supplementing our home market strategy with a niche orientation based on high-strength sheet and, within this segment, on extra and ultra

high-strength steels. The market for high-strength sheet is also growing at just over 5% per year, i.e. more rapidly than the steel market in general. Today, high-strength sheet accounts for approx. 40% of our sheet sales and we are one of the largest producers in Europe within this area.

- Also within the sheet area, we carried out investments at the end of the 1990s in order to increase capacity for our high-strength products. We foresee good growth possibilities, especially for the extra and ultra high-strength steels.

US steel tariffs threaten free trade

- Generally speaking, during every period of a weakening in the economy the American steel industry has demanded measures in order to restrict imports, and these demands have gained a sympathetic hearing. Undeniably, they have been successful in this issue. This time, for the first time, our niche products are also affected by tariffs.

- SSAB has had a presence in the United States for many years, especially with regard to our quenched steels. Our customers are greatly dependent on our deliveries. We do not wish to leave our customers in the lurch and, even if the steel tariffs remain in force for our products, we will attempt to hold out and continue to develop the market when the tariffs disappear in three years' time.

- The main losers as a consequence of the steel tariffs will be steel users in the United States, which will be forced to pay more for their steel and will see their competitiveness undermined. The losers will also be the steel industries in other countries, which will experience increased pressure on their steel prices as a consequence of the changes in global flows of trade.

- Another disturbing factor is that the American decision has triggered a number of counter-measures throughout the world. This is an unsettling development that is directly contrary to the movement towards increased free trade that, I believe, is necessary for sound economic development and the steel industry in particular.

Resolutions Adopted at the General Meeting

New Board members

Marianne Nivert was elected as a new member of the Board of Directors. Thus, the Board increased by one member. Anders G Carlberg, Per-Olof Eriksson, Leif Gustafsson, Sven-Åke Johansson, Anders Lannebo, Clas Reuterskiöld, Jan Sjöqvist and Anders Ullberg were re-elected.

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 or about 7 May 2002.