



Public Affairs

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PRESS RELEASE

22 JULY 2002

Positive earnings trend

SSAB today presented its Half Year Report for 2002. Profit after financial items amounted to SEK 477 (786) million. Profit for the second quarter, SEK 295 million, thus represents a considerable improvement on the profit for the first quarter, which amounted to SEK 182 million.

- We believe that the downturn in the economy in Western Europe that began in the autumn of 2000 has now levelled out, but we do not anticipate any general increase in steel consumption before the end of this year, says CEO Anders Ullberg in a comment on the Half Year Report.
- Prior to 2002, we decided to focus on three areas in order to counteract a continued relatively weak steel market, namely: increased sales of, in particular, extra and ultra high-strength sheet, as well as quenched steels within the plate area; maintaining processing costs at an unchanged level; and improving cash flow. The Half Year Report demonstrates that we have made considerable progress towards these goals, adds Anders Ullberg.
- During the second quarter, deliveries of our niche products, i.e. high-strength sheet and quenched steels, were just over 15% higher than last year and, so far this year, have increased by 5% compared with last year. Notwithstanding increased volumes, processing costs were 1% lower than last year and, thanks to a very strong cash flow during the second quarter, we are able to report a cash flow during the first half of the year of just over SEK 900 million, states Anders Ullberg.
- In addition, we can note that the tough and protracted negotiations regarding new coal and iron ore prices finally resulted in price reductions of 3% and almost 8% respectively. Purchases of iron ore and coal, which are carried out in dollars, were hedged in the middle of July. The price reductions and the hedged lower dollar rate will thus result in a significant decrease in costs during the second half of the year.
- However, for some time to come we will be forced to endure continued uncertainty as to how, in the final analysis, we will be affected by the American steel tariffs. We have sought exemptions from the tariffs for our niche products. Thus far, however, we have only been granted exemptions for approx. one quarter of our export volumes of such products to the U.S. The delay is injurious both to us and our American customers. We can only hope that common sense and free trade will prevail, concludes Anders Ullberg.