



Public affairs

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PRESS RELEASE

24 APRIL 2003

Anders Ullberg at SSAB's General Meeting

In his address to the General Meeting in Oxelösund, SSAB's CEO, Anders Ullberg, discussed primarily the structural changes in the West European steel industry and the growth possibilities for SSAB's niche products.

Consolidation in Western Europe

- During the past decade, the steel industry in Europe has been characterised by a major trend towards consolidation which has transformed the face of the industry. In Western Europe, the world's largest steel company, Arcelor, has been created, along with three other large steel companies, namely Thyssen Krupp, Riva, and Corus. On the other hand, SSAB, Voest Alpine, Salzgitter, and Rautaruukki have developed primarily through organic growth.

- Let me first of all say that I do not believe that there exists any single way to successfully develop a steel company. Naturally, the large steel companies enjoy certain economies of scale in their production. However, the steel market is not homogenous. There are a number of smaller sub-markets – niches – which the large producers, with their bulk-oriented focus, find it difficult to cover.

SSAB Chose Niche Orientation

- Over ten years ago, we deliberately decided to develop SSAB into a niche-oriented company and we chose to specialise in high-strength materials, namely quenched steels in the plate area as well as high-strength sheet products. During the past decade, deliveries of our niche products have increased on an average by 12% per year.

- Following the investments which we carried out at the end of the 1990s in order to increase capacity for our niche products, we are now focusing on the market in order to be able to continue to grow and thereby utilise the capacity we have developed. We must be able to grow both organically as well as on new markets and with new products.

- With respect to new products within the plate area, we are concentrating primarily on the somewhat thinner product range. We are thus able to reach new user categories. Within the sheet area, our focus at present is primarily on the extremely high-strength steels, which we refer to as extra and ultra high-strength sheet.

- Within quenched steels, we believe that we will be able to grow by 50% within a five-year period, and our ambition within extreme high-strength sheet is to double our sales within the same period. This entails an annual rate of growth of 9% and 17% respectively within these two areas.

Focus Areas in 2002

- At last year's General Meeting I stated that during 2002 we would focus on the following areas:

- Achieving growth within our niche products in line with our growth targets.
- Holding processing costs down despite increased volumes and wage increases of 3%.
- Generating a significant positive cash flow.

- Deliveries of our extra and ultra high-strength sheet products increased last year by 17%, which was in line with our goal of doubling volumes during a five-year period. With respect to quenched steels, we achieved a growth of 6%, which was slightly short of our target. This was due to our major markets, Germany and the United States. In the United States, we were also hit by tariffs imposed on our quenched steels, a factor which naturally did not improve matters.

- We succeeded in maintaining processing costs unchanged between 2001 and 2002, despite the fact that our volumes in steel operations increased by 6% and despite wage increases of approximately 3%. This means that productivity in the steel operations improved by approximately 9%.

- If we finally turn to cash flow – this amounted to just over SEK 1.2 billion, as a consequence of which our net debt/equity ratio during the year improved from 38 to 32%, which was in line with our financial targets. It was against this background that the Board of Directors proposed an increase in the dividend of 1 krona to 6 kronor, which is, in fact, somewhat in excess of earnings per share.

The First Quarter of 2003

- Today we presented our accounts for the first quarter. Profit after financial items increased to SEK 414 million. This is more than twice the profit achieved in what was, admittedly, a weak first quarter of last year and also represents an increase of just over 50% over the profit reported for the final quarter of last year.

- It is especially pleasing to note the growth for our true niche products – quenched steels within the plate area as well as extra and ultra high-strength sheet. Deliveries of these products increased by 22% and 32% respectively compared with the first quarter of last year. It is through such growth that we will gradually improve our earnings capability and thereby improve our average profitability over a business cycle. It is also through this development that we will ensure that we are able to create continued value for our shareholders.

Resolutions Adopted at the General Meeting

New Board Members

Following the retirement of Leif Gustafsson, Sverker Martin-Löf was elected as the new Chairman of the Board of Directors. Anders Nyrén was elected as a new member of the Board of Directors. Anders G Carlberg, Per-Olof Eriksson, Sven-Åke Johansson, Marianne Nivert, Jan Sjöqvist and Anders Ullberg were re-elected to serve on the Board of Directors. Anders Lannebo and Clas Reuterskiöld resigned from the Board of Directors.

Dividend

The General Meeting decided upon a dividend of 6 kronor per share. It is estimated that disbursement of dividends will take place through VPC on 5 May.