

Torsten Sandin at SSAB's shareholders' meeting

In his address to the shareholders meeting in Luleå, SSAB's CEO, Torsten Sandin, described, in musical terms, the 1998 steel year as a year which began in a major key but ended in a minor key.

Changed flow of trade resulted in pressure on prices

- During the first half of the year, we experienced healthy demand for our products but consumption reached a peak near the end of the first half-year and thereafter diminished during the autumn. It is, however, worth noting, said Torsten Sandin, that in 1998 consumption in Western Europe nonetheless reached a record high level.
- Not surprisingly, the weak markets last year were in Asia. This had a substantial affect on us and other steel producers in Western Europe. When consumption in Asia declined rapidly, most of the export opportunities to Asia disappeared. At the same time, the Asian steel producers attempted to solve their problems by increasing exports.
- The utilisation of capacity in the Western European steel industry continued at a high level. In combination with the rapid change in the global flow of trade, this resulted in an increase in supply. For the first time in many years, Western Europe became a net importer of steel.
- As long as steel consumption grew, the increased supply could be absorbed, stated Torsten Sandin. However, after consumption reached a peak, the supply created pressure on steel prices which began to fall after the summer of last year and finally declined to the same level as at the end of 1997.

Niche orientation

- In facing 1999, it is important for us to begin to utilise the market opportunities which we have created through our large investments in the steel operations and in SSAB HardTech. We have chosen to identify a few smaller markets on which, due to our size and our special conditions, we can achieve a dominant position. In total, we have invested SEK 3,500 million in three strategic projects and created the conditions for continued expansion within our niche areas.

Quenched steels

- Our strongest position is within quenched steels in the plate sector. This market is growing by just over 5% per year and our market share is currently approximately 20%. This makes us approximately twice as large as our biggest competitor.
- We have developed this position by consistently marketing the functions of the

steel, i.e. by creating added value together with the end customers by, for example, an increase in life-span or reduced weight. If we are able to create such added value for customers, we can also ensure good profitability for ourselves.

Sheet

- Within the sheet sector, our focus is on the high-strength sheet segment, where the market is also growing by just over 5% per year. We are a major producer within certain segments of this market including, among other things, heavy vehicles, and we are now also cultivating the passenger vehicle sector for car parts in which high-strength sheet provides significant added value for automotive manufacturers.

SSAB HardTech

- Within a short period of time, SSAB HardTech has established itself as a supplier of components to the automotive industry. Here in Luleå, there is full utilisation of capacity at the plant. We have, therefore, built a new plant, this time in Michigan in the United States, in order to be closer to customers in the US automotive industry.

New blast furnace in Luleå

- At present, we are producing our hot metal in two blast furnaces. Last year, we decided to construct an entirely new blast furnace on the same site as our current large blast furnace. When the project is completed, it will be possible to carry out all the hot metal production in Luleå in only one blast furnace.

- The blast furnace project is being carried out in two phases. An entirely new and efficient raw material handling facility will be placed into operation after the summer of this year. Fine tuning will be completed in good time before the new blast furnace enters into production next year.

Continued creation of value

- Through the large investments of recent years, we have created the conditions for a continued profitable development of SSAB and, thereby, also for a continued creation of value for our shareholders, concluded Torsten Sandin.

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The entire Board of Directors was re-elected at the shareholders meeting: Anders G Carlberg, Per-Olof Eriksson, Carl-Erik Feinsilber, Leif Gustafsson, Tony Hagström, Björn Hall, Sven-Åke Johansson and Torsten Sandin. Leif Gustafsson continues to serve as the Chairman of the Board of Directors.

Åke Danielsson and Göran Tidström were re-elected as auditors for a four-year term and Ulla-Britt Larsson and Ingvar Pramhäll were re-elected as alternate auditors for a four-year term.

The shareholders meeting resolved upon payment of a dividend of SEK 4.50 per share. It is estimated that payment will take place through VPC on 5 May 1999.