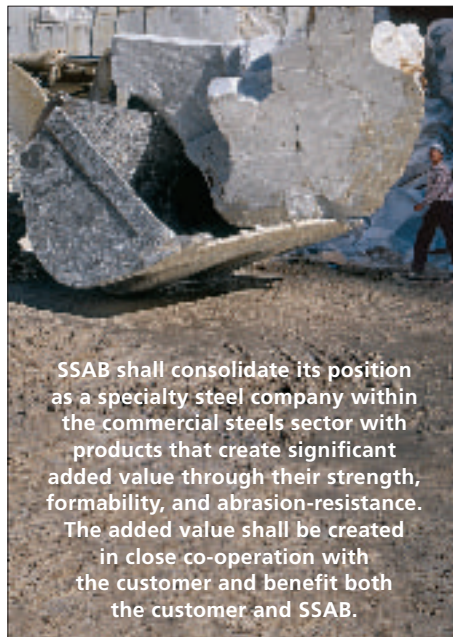




Annual Report 2003



SSAB shall consolidate its position as a specialty steel company within the commercial steels sector with products that create significant added value through their strength, formability, and abrasion-resistance. The added value shall be created in close co-operation with the customer and benefit both the customer and SSAB.

Shareholders' meeting

The Annual General Meeting of the Shareholders will be held in Borlänge on Wednesday, April 21, 2004 at 1 p.m.

To be entitled to participate at the Annual General Meeting of the Shareholders, shareholders must be included in the printout of the share register that is made on Thursday, April 8, 2004, and must notify SSAB of their intention to participate at the meeting not later than 12 noon on Friday, April 16, 2004.

Nominee-registered shares

Shareholders whose shares are registered in the name of a nominee must register their shares in their own names in order to be entitled to participate at the shareholders' meeting. Temporary owner-registration (voting registration) should be effected in due time prior to April 8, 2004.

Notice

Notice in respect of participation at the shareholders' meeting shall be made by letter, telefax, or telephone to:

SSAB Svenskt Stål AB, Corporate Control
Box 26208, SE 100 40 Stockholm
Phone +46 8-45 45 700, Fax +46 8-45 45 705

The name, personal identification number (company registration number), address and telephone number of the shareholder must be provided in the notice.

Notices must be received by SSAB not later than 12 noon on Friday, April 16, 2004, at which time the notice period expires.

Nomination committee

Sverker Martin-Löf, Chairman of the Board of Directors

Carl-Olof By, Industrivärden

Tor Marthin, AMF Pension

Björn Lind, SEB Fonder.

The nomination committee presents proposals to the shareholders' meeting concerning the election of members of the Board of Directors and auditors, as well as remuneration for the Board of Directors.

Dividends

April 26, 2004 is proposed as the record date for the right to receive dividends. It is anticipated that payment of dividends will be effected through VPC on April 29, 2004.

The Board of Directors and the President propose that the shareholders' meeting resolve upon the payment of a dividend for 2003 in the amount of SEK 6.00 per share.

Financial information

SSAB will present the following information for the 2004 financial year:

Report for the first quarter, April 21, 2004.

Half-year report, July 19, 2004.

Report for the first three quarters, October 26, 2004.

Results for 2004, February 14, 2005.

Annual report, March 2005.

SSAB Svenskt Stål AB (publ) Reg no. 556016–3429

Joe Brig Art AB, Gothenburg.

Photo: Dag Sundberg, Elisabeth Ohlson, Bo Björkdahl.

Print: Edita Västra Aros, Västerås 2004.



Table of contents

- 2 Five-year summary
- 3 Strategy and goals
- 4 Organisation
- 5 Production flow
- 6 Comments by the Chief Executive Officer
- 8 Over 50% weight saving with new train seats
- 10 SSAB and the environment
- 14 The SSAB share

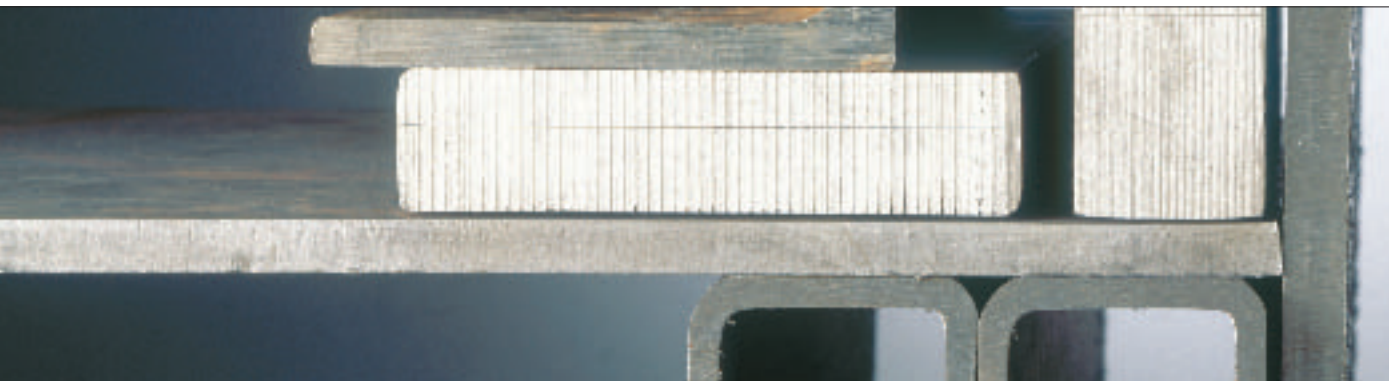
Report of the Directors

- 16 Group review
- 25 Corporate governance
- 26 Financial risk management
- 28 SSAB Tunnpååt
- 32 SSAB Oxelösund
- 36 Plannja
- 38 SSAB HardTech
- 40 Tibnor
- 42 Other companies

Financial reports

- 43 Consolidated profit and loss account
- 44 Consolidated balance sheet
- 45 Changes in equity, consolidated
- 46 Consolidated cash flow statement
- 47 Parent Company's profit and loss account
- 48 Parent Company's balance sheet
- 49 Parent Company's changes in equity
- 50 Parent Company's cash flow statement
- 51 Accounting and valuation principles
- 54 Notes
- 70 Definitions
- 71 Disposition of profit
- 72 Auditors' report
- 73 Group management, staff and auditors
- 74 Board of Directors
- 76 Addresses

Five-year summary

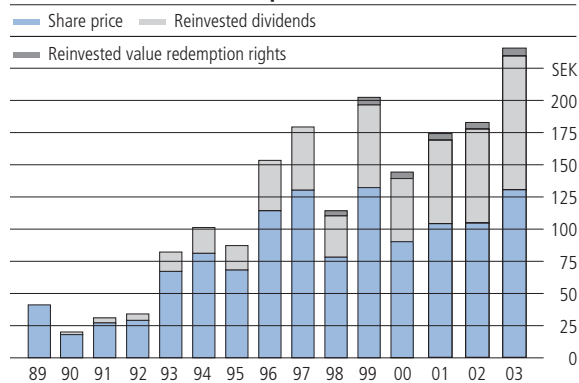


	1999	2000	2001	2002	2003
Sales (SEK millions)	16,807	19,271	19,682	19,271	19,806
Profit after financial items (SEK millions)	467	1,870	913	816	1,343
Capital expenditures (SEK millions)	1,218	1,701	933	902	1,041
Cash flow (SEK millions)	436	– 406	151	1,208	765
Net debt (SEK millions)	1,728	3,085	3,659	3,120	3,032
Capital employed (SEK millions)	12,747	14,412	14,558	13,941	13,974
Total assets (SEK millions)	17,255	19,351	19,128	18,476	18,611
Return on capital employed before taxes (%)	5	15	8	8	12
Return on equity after taxes (%)	3	14	6	6	9
Equity ratio (%)	56	50	51	53	54
Net debt/equity ratio (%)	18	32	38	32	30
Dividend per share (SEK) – proposal for 2003	4.50	5.00	5.00	6.00	6.00
Earnings per share (SEK)	2.50	12.00	6.10	5.70	8.90
Average number of employees	9,529	9,831	9,809	9,404	9,374
Production of crude steel (thousands of tonnes)	3,398	3,411	3,820	3,881	3,911

Definitions are set forth in Note 23.

The diagram shows the increase in value of one share in SSAB subscribed for at a price of SEK 35 when the SSAB share was listed in 1989. It has been assumed that dividend and redemption rights received have been reinvested in SSAB shares. Since 1989, this has resulted in an average increase in value of 14% per year.

SSAB share value development



Strategy and goals

Strategy

SSAB is one of the medium-sized steel companies in Western Europe. The Group's steel operations have been successfully developed through a pronounced niche orientation. This strategic focus will be maintained through a strong focus on several selected product segments in which a pre-eminent market position and high cost efficiency can be achieved.

On neighbouring markets, on which significant situational advantages and good possibilities exist for profitability, the steel operations will be able to provide a complete range of sheet and plate. The Group's trading and processing operations will be actively utilised on neighbouring markets so that the steel operations' already strong position and high market shares can be further strengthened.

In the plate area, investments are continuing within quenched steels, i.e. abrasion-resistant steels and high-strength construction steels, in which the Group is already a world leader. Investments within the sheet area are taking place within high-strength steels, especially extra and ultra high-strength sheet, in which the Group is one of the leading companies in Europe.

Growth in these niche areas has been more rapid than for the steel market in general and deliveries of these products have increased substantially during the most recent five-year period, as is evident from the diagram below. The investments carried out within the Group's steel operations render possible a continued strong growth within these niche areas.

By using quenched steels or high-strength sheet, customers are able to improve their products and thereby their profitability. This creation of added value is a process that often takes place in close cooperation with the customer. The added value that is created benefits

both the customer and SSAB and thereby ensures continued good profitability for the Group.

Financial goals

Capital structure

The Group's operations are very dependent on the business cycle. Individual investment projects within the steel operations may, in addition, be extremely large and thus the equity ratio should be relatively high.

The goal is that the equity ratio shall amount to approx. 50% and the net debt/equity ratio to approx. 30%.

Dividends

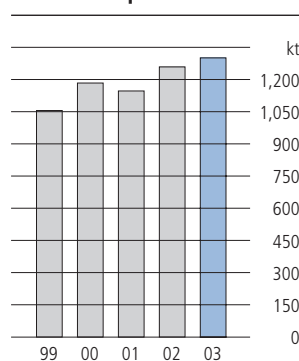
Dividends shall be adapted to the average profit level over a business cycle and constitute approx. 50% of profit after tax. It shall also be possible to use dividends to adjust the capital structure.

Profitability

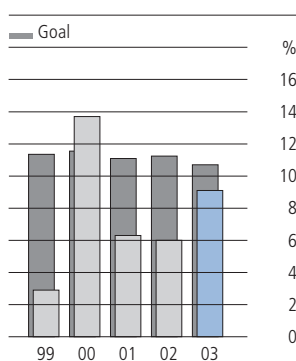
In order to ensure long-term development, and taking into consideration the equity ratio requirement and the dividend policy, the goal is that the average return on equity after tax over a business cycle shall be at least 6 percentage points higher than the return on 10-year government bonds.

Profitability and net debt/equity ratio during the past five years, compared to goals, are shown in the diagrams below.

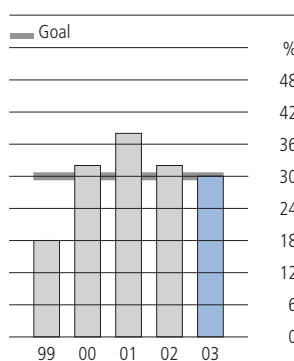
Deliveries of high-strength sheet and quenched steels



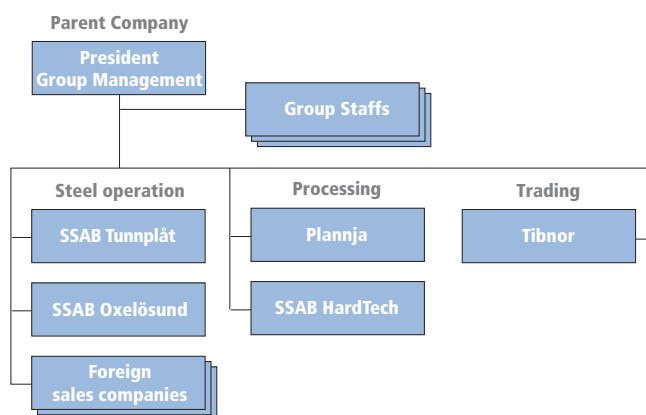
Return on equity after taxes



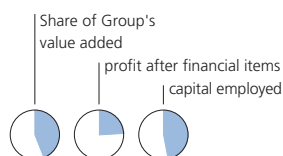
Net debt/equity ratio



Organisation

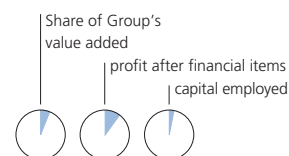


SSAB Tunnplåt



SSAB Tunnplåt is the largest manufacturer of sheet in the Nordic region and one of the leading companies in Europe within the area of high-strength sheet. The high-strength sheet is used, among other things, within the automotive industry and by crane manufacturers. Ordinary sheet is primarily used within the engineering and construction industries.

Plannja



Plannja is one of Europe's leading building sheet companies. Plannja processes sheet into, among other things, roofing tiles and rainwater run-off products. Sandwich-type prefabricated building sections are also being manufactured to an increasing degree.

SSAB Oxelösund



SSAB Oxelösund is the world's leading producer of quenched steels, i.e. abrasion-resistant steels and high-strength construction steels. These are used, among other things, in construction machinery, mining equipment, cranes, and bridges. Ordinary plate is used within shipbuilding and general engineering.

SSAB HardTech



SSAB HardTech develops, manufactures, and markets press-hardened safety components for the automotive industry. The product range includes side impact beams, bumper beams, and components for the car's safety cage.

Tibnor

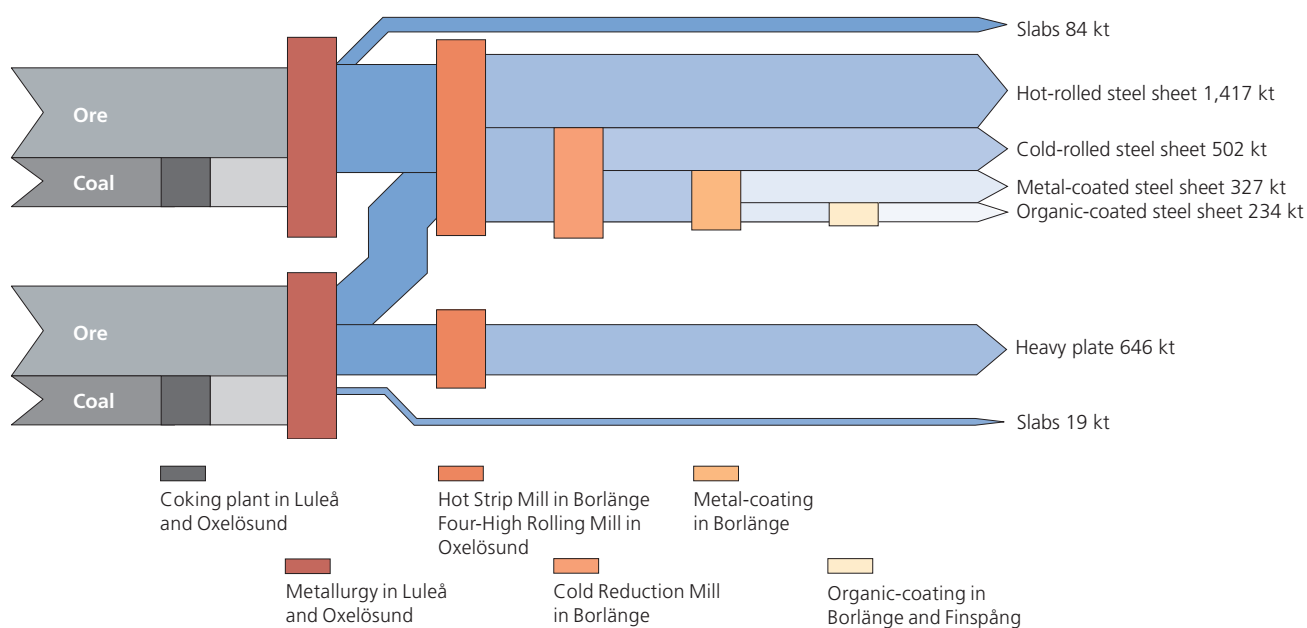


Tibnor is the leading Swedish commercial steel company with a range of commercial steels, special steels, pipes, and stainless steels. Metals and building-related products supplement the product range.

Production flow



Steel operation production flow



Comments by the Chief Executive Officer



Our strategy remains firm

As one of the medium-sized steel companies in Europe, we have decided to develop our steel operations through a niche strategy of specialising in high-strength steels.

During the past decade, deliveries of our niche products, high-strength sheet and quenched steels, have increased on average by 12% per year. The niche products have thereby accounted for the entire growth within the steel operations, while the more standardised products have declined somewhat in volume.

Our focus on quenched steels and high-strength sheet has thus been successful. Admittedly, these are small markets – which is a prerequisite for a successful niche strategy – but they are growing by 5–7% per year, i.e. more quickly than the steel market in general.

We believe that we can continue to grow in these niche markets. We are the leading company for quenched steels with a global market share of approx. 20%. Market growth within the sheet operations during the past few years has related primarily to the extremely high-strength steels – extra and ultra high-strength sheet – with respect to which we have created a strong position. During the period 2002–2006, our goal is to increase deliveries of quenched steels by 50% and of extra and ultra high-strength sheet by 100%. The growth achieved during 2002 and 2003 proves that this should be attainable.

Our market growth will, to a large extent, continue to take place in cooperation with our customers. It is through this cooperation that we are able, together, to identify new solutions and applications in which our high-strength products creates added value for our customers. Through sharing this added value with the customer, we are also able to maintain clearly stronger margins for our niche products than for standard products.

Another important component in our strategy is the domestic market, Scandinavia, on which we enjoy clear advantages of proximity compared with our competitors. On this market we will continue to sell both niche and standard products. Our processing and trading companies,

Plannja, SSAB HardTech and Tibnor, play an important role on the domestic market. Through these companies we will be able to maintain and, preferably, strengthen our already strong position.

Improved margins in the steel operations

Similarly to 2002, 2003 was a mixed year for steel. Global demand for steel continued to increase by 6%, which was clearly in excess of the average for the past 10 years. However, growth continued to be concentrated in China, where steel consumption increased by just over 20% for the third year in a row. Excluding China, global growth was only 1%.

The strong growth in China has created a good global balance between supply and demand notwithstanding the very rapid development of new steel capacity in China.

China, with its strong growth and developing industrial structure, is an interesting market for our core niche products – the extra and ultra high-strength sheet products and the quenched steels within the plate area. During the past five years, we have built up a sales organisation in China for these products and last year the Chinese market was the fifth largest market for our core niche products.

Steel consumption on our principal market, Europe, has been largely unchanged during the past 1.5 years. Thus, we have not been helped by this, our nearby market.

The large European steel producers have continued to curtail their supply, from time to time. As a result, it was possible to increase sheet prices during both the first and second quarter.

Consequently, combined with the price increases that could be carried out in 2002 our steel prices in Swedish kronor were, on average, 6% higher than in 2002.

We have, however, sustained increased prices for iron ore and coal as well as substantial increases in electricity prices. However, prices for iron ore and coal are quoted in dollars and thus the weaker US dollar has more than offset the price increases for these products. All in all, as a result of price trends for our steel products and for raw materials, gross margins in the steel operations improved by approx. SEK 500 million.

Continued focus on niche products, costs, and cash flow

We have not fully met our profitability goals in 2003. In order to gradually improve our earnings capacity, we must continue to grow within our niche areas. Our goals are to achieve annual growth of just over 15% within extra and ultra high-strength sheet and almost 10% within quenched steels. During the past year, we are able to report growth within these areas of 19% and 16% respectively, i.e. well in line with our growth goals.

In order to achieve our profitability goals we must also ensure that, despite an increasingly complex range of products, we have an increase in productivity which can offset increases in wage costs. During the first half of 2003, our processing costs increased too quickly due, among other things, to disruptions in production. Through the measures we implemented in the middle of the year, this negative cost trend has been broken and, during the second half of the year, our processing costs were lower than in 2002.

At the end of the 1990s, the foundations were laid for continued growth within our niche areas through major investments in the steel operations. We are now in a stage where current investments are on a par with, or just below, depreciation. Improved profitability through increased volumes of niche products and focus on costs will thus also create positive cash flows. We have also achieved this during the past two years with cash flows of, in total, almost SEK 2 billion.

Carbon dioxide emission allowances may pose a threat in the future

The EU has decided to introduce a system of carbon dioxide emission allowances which cover a number of business operations including, among others, iron ore-based steel production. The system enters into force in 2005. It will be possible to buy and sell the emission allowances and they are one of the tools that will be used in order to fulfil the undertakings given in the Kyoto Protocol.

Our steel production is entirely ore-based. Coal is a necessary raw material in such steel production and there are no realistic alternatives. Thus, the formation of carbon dioxide is an inevitable by-product of all ore-based steel production. Since coal constitutes a major cost item, coal requirements have, of course, been gradually reduced through various measures. Our ore-based metallurgy currently has one of the lowest carbon dioxide emission rates per produced tonne of steel in the world.

We are, however, beginning to approach the limits of what is theoretically possible. Thus, the potential for additional improvements is limited. If we are to decrease total carbon dioxide emissions any further, we must thus reduce slab production. The alternative is to purchase emission allowances on the market. However, based on the estimations that have been made regarding the price for such allowances, in such case our marginal costs would probably increase by approx. 25%, which would result in a significant competitive disadvantage for us and other ore-based steel companies within the EU.

If we reduce our steel production, these volumes will be manufactured elsewhere in the world – more than

half of global steel production takes place in countries not covered by the Kyoto Protocol and more than 80% in countries outside the EU – in plants with higher carbon dioxide emissions per produced tonne of slab. Paradoxically, the net effect will thus be that global emissions of carbon dioxide will increase.

The manner in which emission allowances will be allocated between different companies and plants will be decided upon by each individual country, under the supervision of the EU Commission. The formulation of these country-specific rules is currently under way. However, bearing in mind the major financial consequences of the emission allowances, there is a risk that such a procedure will seriously distort competition also between steel companies within the EU.

Thus, trading in carbon dioxide emission allowances may pose a future threat to our ore-based steel production. We have expressed our concerns to politicians both in Sweden and in the EU and have proposed, instead, a system based on benchmarks which rewards steel production with low emissions per produced tonne of slab and penalises production involving high emissions.

Significant price increases for raw materials in 2004

The decline in steel consumption in Europe and the United States now appears to have bottomed-out and we foresee somewhat stronger demand on these markets during 2004. The rapid growth in China has, however, led to a significant increase in demand for raw materials for the steel industry which, in turn, has resulted in significant price increases for iron ore, coal, steel scrap, and also sea freight costs.

This is a new situation for us and all other steel companies. The challenge during 2004 will be to meet this large increase in raw materials prices, which is the largest in modern times, without any weakening of gross margins in our operations.

In other regards, we will continue to focus on measures to increase the volumes of niche products, keep processing costs under control, and ensure positive cash flows.

We will thereby further strengthen our competitiveness and our profile as a special steels company within the commercial steels area.



Anders Ullberg

Over 50% weight saving with new train seats

When Oslo's new major international airport, Gardemoen, was to be built, it was decided at an early stage that an express train would function as the means of public transport for most of the future passengers. The route of the contemplated express train was to be from the Oslo Syd (South) train terminal out to Gardemoen, a distance of 35 km. In order for the train to be a competitive alternative to private cars, buses, and taxis, the journey time was not to exceed 20 minutes.

In order to achieve such a short journey time, stringent requirements were imposed regarding choice of track and train. The trains had to be as light as possible in order to be competitive and, at the same time, possess a high standard of comfort and safety. Based on the length of the route, the maximum travel time and taking into consideration the hilly terrain between Oslo and the airport, it was concluded that a fully loaded carriage could not weigh more than 52 tonnes, compared with 66 tonnes for a traditional carriage. Based on the total weight requirement, work continued on analysing and specifying each individual design detail for the train.

A target was established of reducing the weight of the passenger seats from the normal 72 kg to 30 kg. The design and size of the seats was, in addition, to be optimized for good comfort and maximum number of passengers per train carriage.

A train seat is exposed to a large number of different loads. In addition to loads in conjunction with normal usage, extremely dynamic loads may arise in the event of an accident. The seats are exposed to bending and simultaneous twisting and pressure from loads when the seat is occupied. In addition, the seats must be rigid both for comfort and safety reasons. Furthermore, the seats must have a long lifespan and withstand plastic deformation.

The task of developing and manufacturing new seats which would meet the stringent requirements went to a specialist firm in the area, Ring Mekanikk. Ring Mekanikk is a Norwegian medium-sized engineering company which has been in business since 1942. The business is carried out at Moelv outside Oslo. Approx. 30% of the company's business consists of the development and production of passenger seats for rail traffic, and the remaining operations consist of the development and subcontracting manufacture of seat parts. Most of the production is exported.

At an early stage in the development work, Ring Mekanikk's designers perceived the advantages of using high-strength sheet as a construction material in the seat frame. The high-strength sheet opened up possibilities for entirely new design solutions in which the number of components could be reduced substantially. By being able to significantly reduce thickness while maintaining rigidity through use of high-strength sheet, it was possible to counterbalance the weight advantages associated with, for example, aluminium. In addition, the cost of manufacturing the seats would be significantly lower than for a corresponding aluminium design.

In order to achieve the best design which utilised the characteristics and advantages of high-strength steel, Ring Mekanikk's designers contacted Jan Kouppa at SSAB Tunnplåt. Jan and his co-workers within Technical Customer Service and Applications Technology were given the task of studying the conventional design of railway seats and coming up with proposals for new design solutions which would utilise the characteristics of high-strength steels and thereby "radically reduce the weight of the seat".

SSAB Tunnplåt presented a number of alternative solutions and ideas based on qualitative calculations for various parts of the seat. These initial ideas indicated that it would be possible to achieve a weight saving of 30–40% compared with previous designs. Based on these alternative solutions, joint development work was initiated. In order to simplify the development work and increase the certainty of being on target with respect to the dimensioning of the design, qualified computer calculations were used from the very beginning. The members of this joint project group together possessed very broad experience and materials know-how. They also succeeded within a very short time in developing both the actual seat design and the tools necessary for manufacture of the seat.

The materials chosen for the newly designed seat were Docol 500YP and Domex 650M, extra high-strength steels with tensile stress of 500 N/mm² and 640 N/mm² respectively. By changing the design and upgrading the material, a saving of 42 kg per train seat was achieved. As a consequence, the newly designed seats alone contributed a total weight saving of not less than 7 tonnes per train carriage. The choice of materials and the design solution also resulted in much improved rigidity and strength compared with conventional train seats. In

addition, manufacturing costs were reduced since the number of parts could be reduced and most of the remaining parts could easily be punched, despite the higher strength of the new material.

By using extra high-strength steel, the design could be made slender and esthetically appealing. Thanks to the characteristics of the material, forming could also take place through pressing and thus the need for extra encapsulation and other material on the under-frame and seat chassis could be avoided. The seats have been awarded the “Good Design” award by the Norwegian Design Council.

For Ring Mekanikk, the assignment to design a new train seat and the cooperation with SSAB Tunnplåt resulted in an important technical advance. The production of passenger seats for rail traffic has become an increasingly important part of the company’s business.

Ring Mekanikk is now continuing to work on new research and development projects regarding the use of extra and ultra high-strength sheet in designs, among other things with the support of the Norwegian Research Council. SSAB Tunnplåt is also participating in these projects. As a consequence of the successful Gardemoenbanen project, Ring Mekanikk has received further orders for train seats; at the end of 2003 the company received an order for 1,800 train seats from the Norwegian State Railways, NSB.



SSAB and the environment

The Group's operations shall be conducted in a resource-efficient and effective manner with respect to the use of raw materials, energy, and other natural resources. This basic approach is well known in the company through the Group's environmental policy. Responsibility for the external environment within the Group lies with the President of each subsidiary. In order to give greater emphasis to environmental work, each subsidiary has an environmental manager in the line organisation. In this way, production and environmental responsibility can be integrated in the day-to-day work.

Steel, a recyclable material

Steel is one of the most important construction materials in both industrialised countries and developing countries. In terms of consumption, only concrete accounts for larger volumes. Steel is an important prerequisite when a country is developing and building up its infrastructure.

Steel is a recyclable material. The recycling level is approx. 65%. Recycled steel accounts for approx. 40% of global steel production. The remaining 60% is based on iron ore.

Steel is a modern material which is constantly being developed. Thanks to improved qualities such as higher strength and increased hardness, designs can be made lighter and/or have a longer life span. The Group's steel operations focus on the development of precisely such high-strength steels. Such steels are in line with society's demands for efficient use of materials since, for example, they allow for lower weight in a design with a given function. Thus, for example, a truck bed can simultaneously be made both lighter and given a longer life span, which creates environmental advantages in conjunction with the use of the truck.

Society's demands for the husbanding of resources and environmental consciousness go hand in hand with steel and the possibilities presented by it; this is also guaranteed by the fact that steel's qualities are constantly being developed and recycling is being expanded.

Environmental conditions for the operations

The Group's major production facilities are publicly assessed. These assessments result in increasingly stringent requirements being imposed on the operations. The maximum permitted production levels are shown in the adjacent table. Each subsidiary submits an annual environmental report to the respective supervisory authority.

The Group's operations are subject to some 200 environmental conditions. Most of these conditions relate to the steel operations. The environmental conditions are issued per production centre and cover emissions into the air and water as well as noise, deposits, etc. In most cases,

Kt	Place	Permitted production	Production 2003
Coke	Luleå	800	618
	Oxelösund	530	441
Hot metal	Luleå	2,300	2,265
	Oxelösund	1,700	1,473
Crude steel	Luleå	2,500	2,187
	Oxelösund	1,900	1,724
Hot-rolled steel	Borlänge	3,200	2,640
	Oxelösund	820	646
Pickled sheet	Borlänge	2,500	1,868
Cold-rolled sheet	Borlänge	1,400	1,181
Annealed sheet	Borlänge	650	495
Metal-coated sheet	Borlänge	680	550
Organic-coated products	Borlänge	140	120
	Luleå	85	59
	Sundsvall	30	9
	Köping	12	12
	Malmö	10	5
	Finspång (million m ²)	40	29
Press-hardened sheet	Luleå	35	19

actual emissions were significantly lower than the levels permitted by the authorities. The foreign production units comply with the respective local environmental requirements.

During the year, no environmental limits have been exceeded and no disputes relating to the environment have arisen. The Group possesses mandatory environmental damage insurance and liability insurance which cover damage to third parties. According to inventories undertaken, no clean-ups of economic importance are currently required. When public authorities so request, bank guarantees have been provided regarding the restoration of dumps.

Day-to-day environmental work

Within the steel operations, the environmental work is organised through special environmental departments. These work closely with the production departments and provide advice and support in the environmental work. Within the environmental departments, laws and contracts are monitored, permit applications are handled, and measurement and reporting of emission data, etc. takes place. Within the processing and trading operations, the environmental and quality assurance work are often conducted within the same department. The Group has an Environmental Council which coordinates environmental work. The Council consists of the Group's Technology Director and environmental managers from the subsidiaries.

In order to ensure that the environmental work constitutes an integral part of the business, there is an environment management system which constitutes an

important part of the operational control in the subsidiaries. In this way, the external environment plays a natural part of the work procedures, the conditions imposed when purchasing raw materials, the development of production technology, etc.

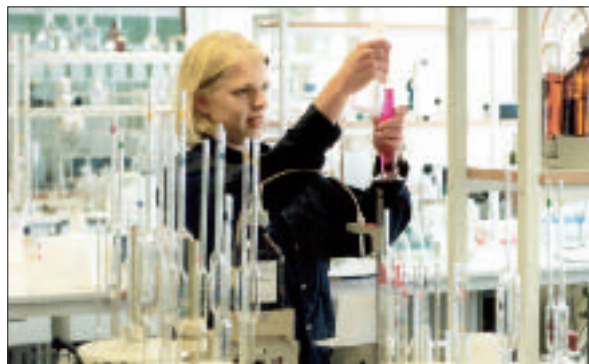
Monitoring of the immediate environment by subsidiaries represents an important part of the environmental work. Emissions are measured in accordance with control programmes and reported to the relevant public authority. The controls consist, among other things, of measurement of emissions and studies of the environment. A number of continuous measurement stations have been installed in order to measure emissions. Environmental studies are conducted, among other things, through water samples or measurement of particulates in the air. In addition, there are fishery-biological studies and studies of bio-indicators such as mosses or sea bed fauna.

Studies of metal levels in Feather moss have been taking place since the 1970s. The method is well established for determining the effects of industrial operations over a long period of time. Test samples taken around the Group's plants in Luleå demonstrate that the area affected by iron has fallen by 90% during the period 1985–2002. Studies of lead in Feather moss around the Group's plants in Oxelösund show a reduction in lead levels of more than 85% between 1994 and 2000.

Environmental issues are important within the context of social debate in Sweden and Europe. The Group is continually working on providing information to, and conducting a dialogue with, different groups in the community. The most important environmental information consists of the environmental reports published by the subsidiaries, which are submitted to the relevant supervisory authorities. The reports can be obtained from the environmental departments in each area. The information is also available on the Group's website. Meetings with different interest groups also constitute an important part of the Group's environment work. These groups may be public authorities, environmental organisations, environmental journalists, representatives of political parties, etc.

In the environmental information work, great importance is being placed on trying to meet the customers' demands regarding the environmental qualities of the products. Thus, environmental declarations have been affixed to many of the Group's products, which enables customers to evaluate the steel from an environmental perspective.

Within the environmental area, extensive research and development is conducted both nationally and internationally. The subsidiaries participate in joint environmental research projects together with other steel producers, either within the context of Nordic



joint research or within RFCS (formerly the Coal and Steel Union). The steel industry's research institutes, MEFOS and IM, the MiMeR skills centre, and the industry organisations, Jernkontoret (the Swedish Iron Masters Association) and the International Iron and Steel Institute, are important bodies within the area of environmental research. For skills development within the environmental area, the subsidiaries' environmental experts participate in various networks together with experts from other steel companies, institutions, and universities.

Significant environmental aspects

Each subsidiary has identified the most important environmental aspects within its own operations. The most important aspects are the effect on climate of carbon dioxide emissions; the effect on air of emissions of particulates and nitrogen oxides; the effect on water of, among other things, discharges of oil; and that raw materials and energy are used in an efficient manner. Targeted activities are carried out in order to achieve improvements within these areas.

Carbon dioxide

Iron ore in the form of pellets is the main raw material in the Group's steel production. These pellets consist

largely of iron which is bound to oxygen. In order to be able to manufacture steel, the iron and oxygen must be separated. This takes place in blast furnaces where pellets together with coal in the form of coke and coal powder are added to the furnace. During heating, the coal combines with the oxygen from the pellets in such a manner that the iron is released and liquid iron, so-called hot metal, is obtained. When the oxygen binds with the coal, carbon dioxide is formed. Thus, carbon dioxide is an unavoidable by-product of all iron ore-based steel production.

For decades, extensive research has been conducted around the world in order to identify alternative methods. However, as yet no new commercially feasible processes have been developed which either generate less carbon dioxide per produced unit of iron or use a reduction material other than coal. In international comparisons, the Group's ore-based steel production has been shown to have very low emissions of carbon dioxide per produced tonne of steel.

The second raw material is recycled steel, scrap steel. When the hot metal from the blast furnaces is processed into steel, energy is released. In order to avoid the steel becoming too hot, approx. 20% scrap steel is added as a cooling agent. Consequently, the Group's steel operations are the largest user of scrap steel in Sweden.

Within the Group's units for hot metal production and process development of hot metal manufacture, work is continually taking place in order to reduce the consumption of coke and coal. Through this work, it is possible to continually reduce both manufacturing costs and carbon dioxide emissions. Important areas in which efforts are being focused are a reduction in the quantity of coke through coal injection directly into the furnaces, improved operational stability, and more efficient utilisation of the energy content of the gases that are generated. Carbon

dioxide emissions from the Group's steel production during the past five years are shown in the diagram below.

Energy production

The energy-rich gases that are formed during steel production are utilised in various process stages as well as for the production of hot water for district heating systems and electrical power in the heat power stations. Within the Group's plants, the energy-rich gases are used for preheating blast air for the furnaces and for heating of ladles, steel slabs, and sheet.

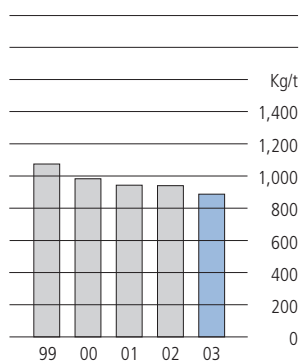
The gases recycled in the heat power stations correspond in energy content to almost 300,000 cubic metres of heating oil. In Luleå and Oxelösund municipalities, the hot water produced using energy-rich gases from the Group's operations accounts for more than 90% of the heating needs in the district heating system. If a corresponding quantity of energy had been produced using heating oil, emissions of both nitrogen oxides and sulphur oxides would have been almost three times as high. The electricity produced, 808 GWh, is used within the steel operations and accounts for just over 50% of the Group's electricity needs.

By-products

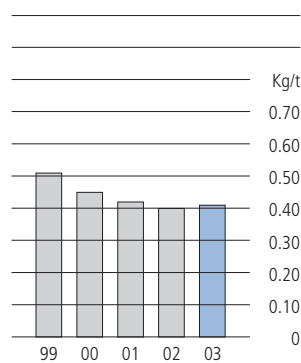
By-products are formed during the production of steel. The Group's aim is firstly to recycle these by-products in a suitable process stage or, alternatively, to sell the by-products as processed products and only, failing that, to dispose of them. Over 90% of by-products are recycled.

SSAB Merox specialises in developing saleable products based on by-products from the steel operations. For example, slag from iron and steel production is used in road construction and ground stabilisation or as a raw material in the manufacture of cement and putty. Iron

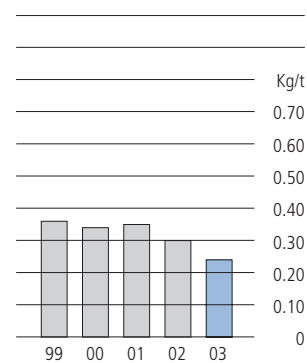
Carbon dioxide



Nitrogen oxide



Particles



oxide from the pickling of sheet is used and sold to, among others, the electronics industry.

Transportation

The Group conducts extensive transport operations. These operations must be carried out with as little an impact on the environment as possible. Raw materials are transported by boat or train to the steelworks in Luleå and Oxelösund. All diesel-powered vehicle at the production plants use environmental diesel.

Extensive transport of slabs by rail take place between the steel works in Luleå and Oxelösund and the rolling mill in Borlänge. On both of these stretches, sheet is shipped on the return journey. Sheet is shipped to Luleå, to Plannja and SSAB HardTech, and to Oxelösund port, from where a large part of the sheet is exported.

The products from the steel operations are transported primarily by rail or boat. From SSAB HardTech's Swedish operations, transports to customers take place by rail; from Plannja, equally by rail and truck; while deliveries from Tibnor take place to a large extent by truck. When purchasing transportation services, conditions are imposed that the shipper engages in active environmental improvement work.

Green Cargo awarded SSAB Tunnplåt a Good Environmental Choice Certificate in respect of its rail transports. The certificate is confirmation that the company meets the Swedish Society for Nature Conservation's criteria for Good Environmental Choice for these transports.

Material and energy balance

During the financial year, 3.9 (3.9) million tonnes of crude steel were processed to produce 3.4 (3.5) million tonnes of finished products. The figures below show the material and energy balance for the steel operations. International comparisons demonstrate that the Group's use of re-

sources and energy, and impact on the environment, are at low levels compared with other steel producers.

Environmental events during 2003

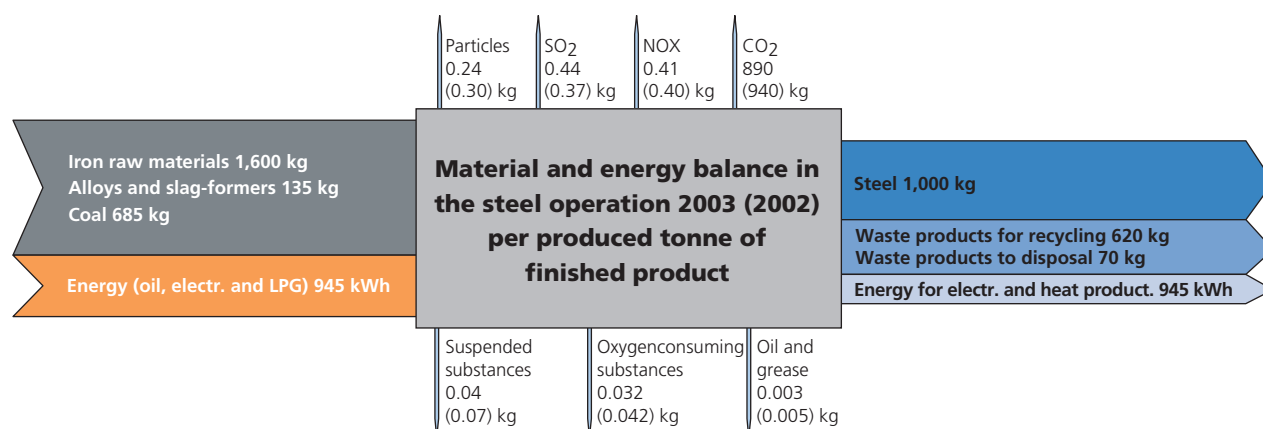
Work on implementing and further developing environmental guideline systems in accordance with ISO 14 001 has continued during the year. At the end of 2003, SSAB Tunnplåt, SSAB HardTech and Tibnor had been certified. SSAB Oxelösund underwent a certification audit at the end of 2003 and it is estimated that it will receive certification at the beginning of 2004, while Plannja expects to have completed the work during 2004.

The coke battery in Luleå was renovated in two stages during 2002–2003. The work was completed during the fourth quarter. The battery now demonstrates very good environmental performance and is one of the explanations for the 20% reduction in emissions of particulates during 2003.

The continuous annealing line for hot treatment of sheet has continued with a stage for catalytic purification of nitrogen oxides. Fine tuning of the facility will take place in the spring of 2004 so as to ensure compliance with the stringent conditions which will apply commencing the end of June.

In order to reduce noise for nearby residents, a new access road for trucks has been brought into use in Borlänge. The flow of transport has improved and the heavy traffic has been removed from the centre of Borlänge.

During the year, SSAB Tunnplåt has undergone the test time studies which were ordered by the Environmental Court in December 2002 with respect to the operations in Borlänge. The Environmental Court is expected to issue a decision in the matter in the latter part of 2004 after having obtained comments from public authorities and the general public.

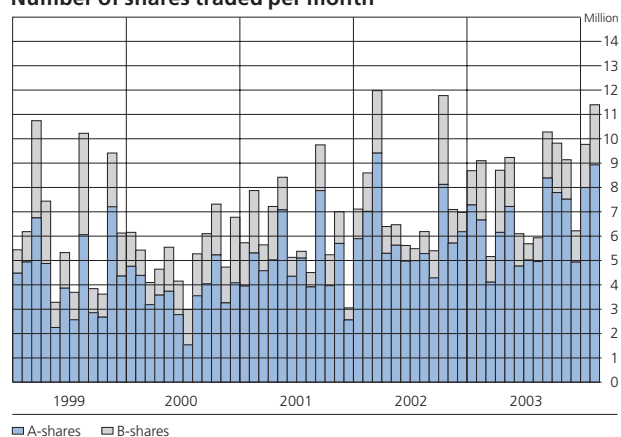


The SSAB share

Share price



Number of shares traded per month



Share capital

The share capital amounts to SEK 2,522.4 million divided into 100.9 million shares, each with a nominal value of SEK 25. 74.5 million shares are class A shares and 26.4 million shares are class B shares. All shares are non-restricted. Each class A share entitles the holder to one vote and each class B share entitles the holder to one tenth of one vote.

Dividends

Dividends will be adjusted to the average profit level over a business cycle and constitute approx. 50% of profit after tax. It shall also be possible to use dividends to adjust the capital structure.

For the 2003 financial year, a dividend of SEK 6.00 per share is proposed, i.e. 67% of earnings per share. Since the share was listed on the Stock Exchange in 1989, the dividend has thus averaged 42% of profit after tax.

SSAB on the Stock Exchange

Since 1989, the share has been listed on Stockholmsbörsen's A-List and, since 1994, among the most actively traded shares. A trading unit consists of 200 shares. OM Hex issues put and call options on the shares.

During the year, shares were traded at a value of just over SEK 10,400 million. Trading in SSAB shares took place on all exchange days and, on average, amounted to approx. SEK 40 million per day. Traded shares corresponded to almost 95% of outstanding shares and constituted 0.5% of the total turnover on the Stockholm Stock Exchange's A-List. Trading per month during the past five years is shown in the adjacent diagram.

During the year, the lowest trading price for the class A share was SEK 94.50, and the highest price was SEK 130. At the end of the year, SSAB's market capitalization was SEK 12,835 (10,250) million.

Ownership structure

At the end of the year, Industrivärden was the largest shareholder measured in terms of share capital, followed by Robur Equity Funds, AMF Pension, and LKAB. Industrivärden increased its holding during the year, while Robur Equity Funds' holding decreased. Foreign ownership decreased somewhat.

The number of shareholders increased during the year by 7% and, at year-end, was 33,850. Of these, 30,900 shareholders own 1,000 shares or less. The ten largest institutional shareholders own just over 47% of the shares.

Changes in the number of shares and share capital since 1989

Year	Change in number of shares	Number of shares	Change in share capital (SEK m)	Share capital (SEK m)
1989 Conversion	+ 1,500,000	26,500,000	+ 150	2,650
1994 Conversion	+ 5,500,000	32,000,000	+ 550	3,200
1995 Split 4:1	+ 96,000,000	128,000,000	0	3,200
1998 Redemption	– 15,891,199	112,108,801	– 397	2,803
2000 Reduc. in share capital	– 11,210,880	100,897,921	– 281	2,522

Data per share	1999	2000	2001	2002	2003
Trading price, class A Dec 31, SEK	132.00	90.00	102.50	103.00	128.50
Profit, SEK	2.50	12.00	6.10	5.70	8.90
P/E ratio	52.8	7.5	16.8	18.1	14.4
Cash flow, SEK	3.90	– 3.75	1.50	11.95	7.60
Equity, SEK	86.50	94.80	96.70	97.10	99.40
Dividend ,SEK*)	4.50	5.00	5.00	6.00	6.00
Yield, %	3.4	5.6	4.9	5.8	4.7
Average no. of shares, Mill.	112.1	108.8	101.1	100.9	100.9
No. of shares at year-end, Mill.	112.1	102.5	100.9	100.9	100.9

*) Pursuant of the proposal of the Board of Directors for the 2003 financial year.

Largest shareholders

Shareholding as % of	capital	votes
Industrivärden	13.0	17.0
Robur Equity Funds	7.5	2.9
AMF Pension	5.1	6.7
LKAB	4.8	6.2
SEB Funds	4.4	5.1
AFA Försäkringar	4.1	1.2
Handelsbanken Funds	4.0	2.1
Second National Pension Insurance Fund	2.9	3.7
Skandia Funds	2.2	2.3
Fourth National Pension Insurance Fund	2.2	2.3
Livförsäkringsbolaget Skandia	2.0	1.2
Nordea Fund	2.0	2.5
First National Pension Insurance Fund	1.6	1.7
Foreign owners	11.1	11.4
Other	33.1	33.7
	100.0	100.0

Distribution of shares

Share holding	Number	as % of all shareholders	as % of share capital
1–500	26,839	79.3	7.3
501–1,000	4,105	12.1	3.3
1,001–5,000	2,155	6.4	4.7
5,001–10,000	295	0.9	2.3
10,001–50,000	286	0.8	6.5
50,001–100,000	62	0.2	4.4
100,001–	108	0.3	71.5
Total	33,850	100.0	100.0

The tables illustrating the largest shareholders and distribution of shares are based upon information obtained from VPC as per December 31, 2003.

Analyses

During 2003, the following banks and investment brokers, among others, published analyses of SSAB:

Alfred Berg
Carnegie
Deutsche Bank
Enskilda
Hagströmer & Qviberg
Handelsbanken
HSBC
JP Morgan
Nordea
Swedbank
UBS Warburg

Group review

International review

According to the International Iron and Steel Institute (IISI), in 2003 global steel consumption increased by just over 6% to a new record level of 884 million tonnes.

The major growth occurred in China where steel consumption continued to grow at approx. 20%, while global growth excluding China amounted to only 1%. In 2003, China accounted for approx. 30% of global consumption, compared with approx. 10% ten years ago. China's steel imports continued to increase and amounted to just over 40 million tonnes, compared with slightly less than 30 million tonnes in 2002.

Steel consumption in the United States peaked in 2000 and subsequently fell by just over 10% in 2001. Thereafter consumption has been relatively stable. Imports into the United States fell from slightly less than 30 million tonnes in 2002 to just over 20 million tonnes in 2003.

Steel consumption

Million tonnes	2002	2003	Change %
EU	138	138	0
Rest of Europe	37	38	3
Former Soviet Republics	32	33	3
North America	119	115	-3
Japan	72	74	3
China	211	257	22
Korea	44	45	2
Rest of Asia	94	98	4
Other countries	84	86	2
Total	831	884	6

Source: IISI's autumn report 2003.

The European market

In Europe too, steel consumption peaked in 2000 and thereafter declined. However, the decline has been relatively mild and levelled out during the second half of

2002; consumption thereafter was largely unchanged during 2003.

In terms of demand, the sheet market has followed the same pattern as the steel market in general. Demand for plate was stable in Central Europe during the year, while it increased somewhat in the southern parts of Europe.

Notwithstanding unchanged demand during 2003, it was possible to increase prices for sheet during the first half of the year due to the fact that the large steel producers in Europe gave priority to price over volume.

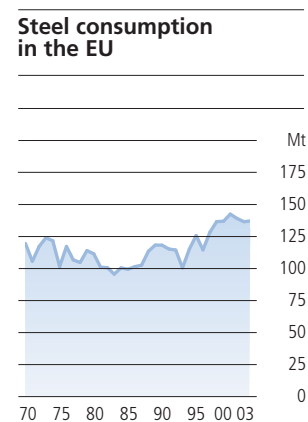
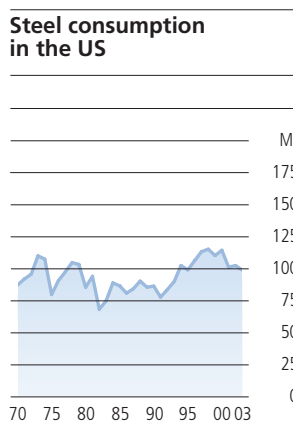
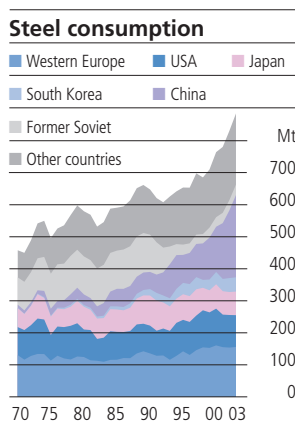
The Swedish market

Steel consumption in Sweden increased somewhat in 2003. The market for sheet and plate is estimated to have amounted to just over 2 million tonnes. The Group's market shares in Sweden for sheet and plate were essentially unchanged.

Sales

During the first half of the year, it was possible to carry out price increases in local currencies for sheet. Prices for plate in local currencies were largely unchanged and, in total, the Group's steel prices in local currencies were 9% higher than last year. However, as a result of changes in exchange rates, prices in Swedish kronor increased by only 6%. The price trend is shown in the diagram below.

Deliveries in the steel operations increased marginally and amounted to 3,130 (3,113) thousand tonnes. Volumes of quenched steels increased by 16% to 367 (316) thousand tonnes. The increased volumes largely comprised of sales to the crane industry in China and to customers in Canada and Italy. Deliveries of extra and ultra high-strength sheet, increased by 19% to 331 (278) thousand tonnes. The increase related primarily to container customers in China as well as automotive-



related customers in Western Europe and the United States. In total, deliveries of high-strength sheet products, including the extra and ultra high-strength products, increased by 5% over last year.

Total sales of the niche products, high-strength sheet and quenched steels, thereby increased to SEK 6,175 (5,570) million and represented 43 (40)% of the steel operations' deliveries measured in terms of volume.

Deliveries from the steel operations to Swedish customers increased by 3% over last year. Demand for building-related products, however, remained weak. Deliveries from Tibnor and Plannja were thus 4% lower than last year.

SSAB HardTech's deliveries were essentially unchanged from last year. Deliveries of bumper beams and chassis components increased, however, by approx. 25%, while deliveries of sideimpact beams declined by almost 5%. The increase in chassis components and bumper beams was due to deliveries to a number of new car models. The lower deliveries of sideimpact beams were due to delays in the introduction of several new car models as well as lower sales of certain car models in the United States.

The Group's sales increased by 3% and amounted to SEK 19,806 (19,271) million. Higher prices contributed 5 percentage points while a stronger Swedish krona and lower volumes of, especially, steel slabs, each resulted in a decline of 1 percentage point. Sales per business area are set forth in the table below.

Sales per operations area

SEK millions	2002	%	2003	%
Steel operations	13,756	65	14,417	66
Processing operations	2,031	9	1,958	9
Trading operations	5,424	26	5,334	25
Group adjustment	- 1,940	-	- 1,903	-
Total	19,271	100	19,806	100

Exports from the steel operations measured in terms of volume declined to 70 (73)%. For the Group as a whole, sales outside Sweden accounted for 64 (65)%, as is shown in the following table of sales per geographic region.

Sales per geographic region

SEK millions	2002	%	2003	%
Sweden	6,771	35	7,132	36
Germany	1,701	9	1,748	9
Denmark	1,554	8	1,464	7
Italy	1,098	6	1,317	7
Finland	1,196	6	1,231	6
Great Britain	1,373	7	1,004	5
Benelux	699	4	850	4
Other EU countries	1,181	6	1,315	7
Norway	728	4	648	3
Rest of Europe	1,121	6	1,211	6
North America	923	5	831	4
Asia	435	2	759	4
Other markets	491	2	296	2
Total	19,271	100	19,806	100

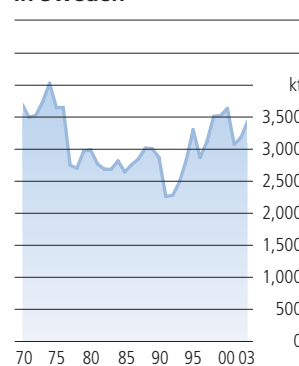
US steel tariffs

In March 2002, the United States imposed protective tariffs at a rate of 30% on most imported steel products. Exemptions from the tariffs were obtained for approx. 25% of the Group's export of niche products to the American market. In March 2003, the tariffs were reduced to 24%. Following pressure from both the WTO and the EU, as well as from the American steel-using industry, the tariffs were abolished in their entirety at the beginning of December 2003.

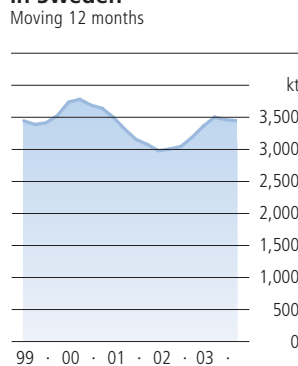
Production

Total sheet production at the hot-rolling strip mill in Borlänge declined somewhat primarily due to a more

Steel consumption in Sweden

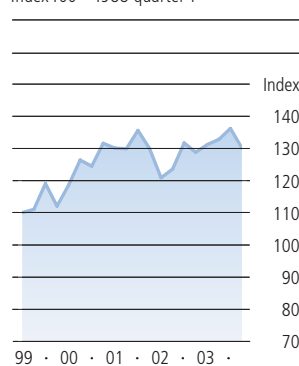


Steel consumption in Sweden



Price trend

Index 100 = 1988 quarter 1



complex product mix and amounted to 2,640 (2,675) thousand tonnes. Production in the four-high rolling mill in Oxelösund increased by 11% and amounted to 646 (582) thousand tonnes. The increase was due to measures that increased yield and the available rolling time. In total, productivity in the steel operations amounted to 3.1 (3.1) man hours per tonne of plate and sheet.

Crude steel production increased by 1% and amounted to 3,911 (3,881) thousand tonnes.

Cost trends

Costs in the operations were at the same level as last year and amounted to SEK 18,478 (18,468) million. Of this amount, SEK 3,678 (3,870) million consisted of purchases of products for sale, which were primarily sold through the Group's trading company, Tibnor.

Remaining costs of SEK 14,800 (14,598) million consist primarily of processing costs, depreciation, and costs for raw materials and energy.

Processing costs consist primarily of costs for the Group's own personnel and purchased services. These costs increased during the first half of the year, among other things as a consequence of disruptions in production in the sheet operations. A number of measures were thus begun during the summer in order to curtail the cost trend. The measures include, among other things, a freeze on new recruitment and a very restrictive policy concerning the purchasing of services. During the second half of the year, costs were 1% lower than last year. Thus, for the full year the increase in costs was limited to 3% and processing costs amounted to SEK 6,037 (5,864) million. Work is continually taking place in order to be able to offset the effect of wage cost increases through productivity enhancement measures.

Depreciation was somewhat lower and amounted to SEK 1,071 (1,111) million.

In the manufacture of sheet and plate, approx. 50% of costs relate to raw materials. The raw materials are priced on the world market and the prices, which are primarily listed in USD, are strongly dependent on the steel business cycle.

Iron ore and coal are the dominant raw materials and price and delivery agreements are entered into annually at the beginning of the year. The price increases in the iron ore and coal agreements, calculated in USD, were 11% and 3% respectively. The ore agreement was not entered into until the middle of June but applied retroactively commencing 1 January. As a consequence of the weakening of the US dollar, iron ore costs in Swedish kronor fell by 7%. As regards coal, where the agreements did not enter into force until 1 April and where, as a consequence of existing stocks, the full impact of the new prices was not felt until the second half of the year, costs in Swedish kronor fell by 7%.

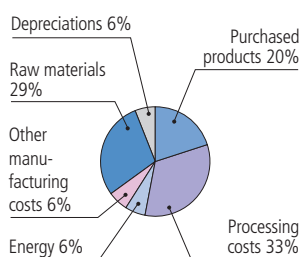
The Group's cost structure is shown in the diagram below.

Energy

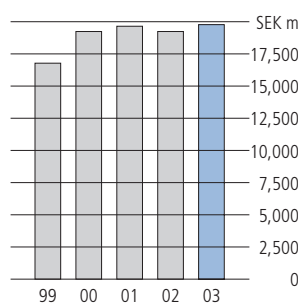
Coal is an essential reduction agent in order to remove oxygen from the iron ore and constitutes one of the most important raw materials in the manufacture of iron ore-based steel. Coal also accounts for approx. 85% of the energy provided for the steel operations.

Energy is otherwise provided by electricity, oil, and LPG. In total, the steel operations consumed 1,600 (1,550) GWh of electric power and 1,770 (1,690) GWh of oil and LPG during the year. Through the utilisation of the energy-rich gases that are formed during steel production, energy is produced, among other things, at the OK3 heat power station in Oxelösund and in the half-owned energy company, Lulekraft. During the year, these facilities produced 808 (777) GWh of electricity.

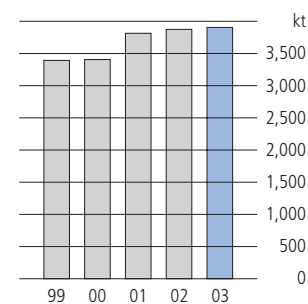
Cost structure



Sales



Crude steel production



In total, energy costs (excluding coal) amounted to SEK 1,094 (1,029) million. The costs included various taxes amounting to SEK 140 (143) million.

SPP's surplus funds

In 1999, Alecta allocated a total of SEK 734 million of its premium surpluses to companies within the Group. At the end of the year, SEK 206 (338) million of these surplus funds remained to be utilised. The estimated outstanding disbursement period is just over 2 years and, following a recalculation to present value, the booked claim amounts to SEK 201 million, of which it is estimated that approx. SEK 89 million will be disbursed in 2004.

Profit

SEK millions	2002	2003
Sales	19,271	19,806
Costs	- 17,112	- 17,157
Depreciation	- 1,111	- 1,071
Affiliated companies	- 48	- 81
Operating profit	1,000	1,497
Financial items	- 184	- 154
Profit	816	1,343

Operating profit increased by SEK 497 million over last year and amounted to SEK 1,497 (1,000) million. As is shown in the adjacent table, stronger margins and an improved product mix in the steel operations resulted in an improvement of SEK 710 million, while higher processing costs in the steel operations had a negative effect on profit of SEK 155 million.

Financial items improved by SEK 30 million and amounted to SEK - 154 (- 184) million; accordingly, profit after financial items amounted to SEK 1,343 (816) million.

Changes in operating profit

	SEK millions
Steel operations	
- Stronger margins	+ 510
- Improved product mix	+ 200
- Higher processing costs	- 155
Trading and processing operations	
- Weaker margins	- 20
- Higher processing costs	- 18
Lower depreciation	+ 40
Lower profit in affiliated companies	- 33
Other	- 27
Change in operating profit	+ 497

Taxes

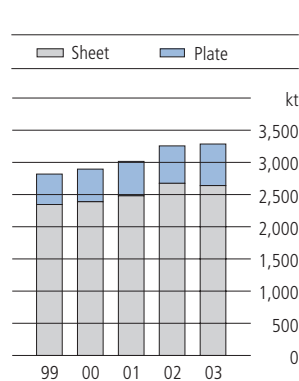
Tax for the year of SEK 436 (241) million consisted of current tax of SEK 363 (172) million, deferred tax of SEK 51 (73) million, and share in the taxes of affiliated companies of SEK 22 (- 14) million. The effective tax rate for the Group was 32 (28)%. The higher tax rate is due primarily to an adjusted tax calculation with respect to the preceding year and on non-capitalized deferred tax claims in foreign subsidiaries and affiliated companies.

Profitability and equity ratio

Net profit after tax and minority shares increased by SEK 322 million to SEK 899 (577) million, corresponding to earnings per share of SEK 8.91 (5.72).

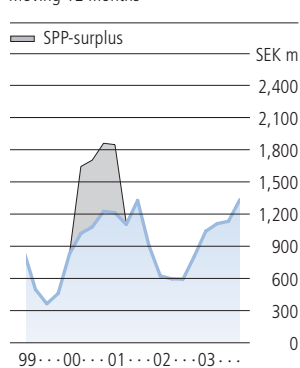
The return on working capital before tax increased to 12 (8)% and return on equity after tax increased to 9 (6)%. The equity ratio was 54 (53)% and the net debt/equity ratio amounted to 30 (32)%. Profitability and net debt/equity ratio compared with profitability goals are shown in diagrams in the section, Strategy and goals.

Steel production



Profit after financial items

Moving 12 months



Dividend

A dividend of SEK 6.00 (6.00) per share is proposed, amounting to SEK 605 (605) million.

Capital expenditures

During the year, decisions were taken regarding, among other things, modernisation of the tandem mill in Borlänge for SEK 180 million. In addition, a decision was taken regarding the final stage in the renovation of the coking plant in Luleå for SEK 120 million and a blanking line at SSAB HardTech's plant in the United States for SEK 40 million.

In total, decisions were taken regarding capital expenditures of SEK 992 (957) million.

The renovation of the coking plant in Luleå was completed during the year while the investment in the tandem mill will be carried out during three summer breaks in 2004–2006. The blanking line in the United States is expected to be brought into operation in the summer of 2004. Other ongoing projects include the fourth press-hardening line at SSAB HardTech's plant in the United States, which is expected to be brought into operation in the spring of 2004. During 2003, the investment was completed in new cutting lines in Borlänge for the cutting into size of high-strength sheet.

Capital expenditure payments were on a par with depreciation and amounted to SEK 1,041 (902) million.

Financing and liquidity

Accounts receivables increased somewhat and, in relation to sales, amounted to 17 (16)%. The value of inventories increased by 5% but, in relation to sales, was unchanged at 24%. In total, working capital increased by SEK 518 million.

Cash flow in the operations fell by SEK 432 million to SEK 633 (1,065) million. Including the effect of SPP funds, cash flow amounted to SEK 765 (1,208) million.

The Group's cash flow is shown in the table below.

Cash flow		
SEK millions	2002	2003
Profit from operations	+ 1,832	+ 2,143
Change in working capital	+73	– 518
Investment operations	– 840	– 992
Cash flow excluding SPP funds	+ 1,065	+ 633
Net effect of surplus funds from SPP	+143	+ 132
Cash flow	+ 1,208	+ 765
Financing operations	– 1,252	– 648
Change in liquid assets	– 44	+ 117

Cash flow in the various operations is shown in the table below.

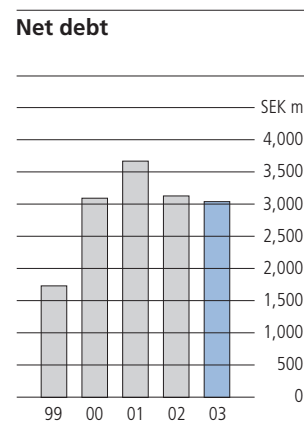
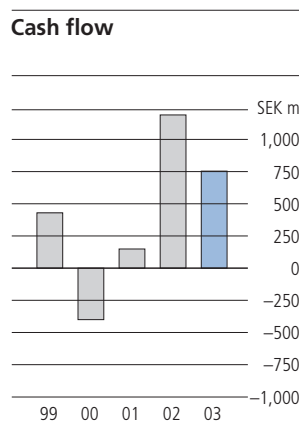
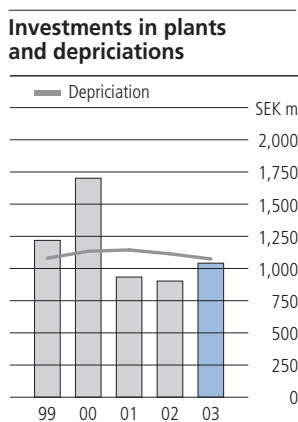
Cash flow		
SEK millions	2002	2003
SSAB Tunnsplåt	+ 213	+ 182
SSAB Oxelösund	+ 534	+ 135
Plannja	+ 92	+ 58
SSAB HardTech	+ 75	+ 61
Tibnor	+ 115	+ 138
Other subsidiaries	+ 42	+ 22
Parent Company*)	+ 137	+ 169
Total	+ 1,208	+ 765

*) excluding investment in shares in subsidiaries

As a consequence of the positive cash flow, net debt fell by SEK 88 million to SEK 3,032 (3,120) million.

Research and development

An important pre-requisite for the niche orientation of the steel operations is the focus on research and development of high-strength sheet and quenched steels and their areas of application. The focus imposes requirements for a combination of advanced material development, pro-



Subsidiaries' sales, profit/loss and return on capital employed

	Sales		Operating profit/loss		Profit/loss after financial items		Return on capital employed, %	
SEK millions	2002	2003	2002	2003	2002	2003	2002	2003
Subsidiaries:								
SSAB Tunnplåt ¹⁾	10,161	10,583	353	842	214	722	6	13
SSAB Oxelösund	5,225	5,468	325	392	209	312	7	9
Plannja	1,195	1,148	97	60	86	50	26	17
SSAB HardTech	835	810	181	142	156	126	21	18
Tibnor	5,424	5,334	87	94	75	91	7	8
Other	547	606	5	17	46	17	–	–
Parent Company:								
Parent Company ²⁾	–	–	– 60	– 68	79	20	–	–
Affiliated companies	–	–	6	– 5	6	– 5	–	–
Group adjustments	– 4,116	– 4,143	6	23	– 55	10	–	–
Total	19,271	19,806	1,000	1,497	816	1,343	8	12

¹⁾ Commencing 1 January 2003 Dickson is a subsidiary of SSAB Tunnplåt. The figures for 2002 have been adjusted in order to be comparable.

²⁾ Excluding dividends from subsidiaries and affiliated companies and, for 2003, also excluding capital gains on the internal sale of Dickson. Profit in the parent company consists primarily of administrative costs and a positive figure for financial items.

Balance sheet

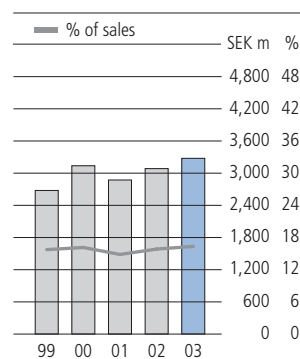
SEK millions	2002	2003
Assets		
Fixed assets	9,668	9,277
Inventories	4,585	4,829
Accounts receivable	3,082	3,275
Other assets	725	697
Liquid assets	416	533
Total assets	18,476	18,611
Equity and liabilities		
Equity	9,796	10,031
Minority shares	162	151
Deferred tax and other provisions	1,978	2,048
Long-term liabilities	2,101	2,180
Current liabilities	4,439	4,201
Total equity and liabilities	18,476	18,611

duction development and market development. The goal is to create conditions for profitable transactions based at all times on the customer and the customer's needs.

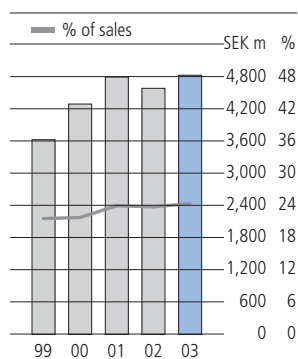
Through active cooperation with customers, based on knowledge of the unique qualities of the advanced steel and how they can be exploited in order to create competitive products, added value is created for the customers. An important success factor for successful cooperation is that it is commenced at an early stage so that design solutions and production methods can be adapted for a cost-efficient use of the high-strength steels.

The steel operations' product development work is focused on extra and ultra high-strength sheet, as well as quenched steels. These product groups currently account for just over 22 (19)% of deliveries from the steel operations.

Accounts receivable



Inventories



In order for the customers to be able to utilise the advantages of modern, advanced steels, the Group has a number of specialists who can assist with experience and know-how regarding use of these steels. Extensive material has been produced which describes the best ways in which the steels can be used in various applications. Examples of this development support include handbooks regarding design and dimensioning, as well as jointing and forming. In addition, calculation programs such as DoCalc (dimensioning), WeldCalc™ (welding) and WearCalc™ (wear and tear) are provided.

Through courses and seminars, customers are offered special training within various application areas and obtain deeper knowledge regarding the possibilities afforded by the advanced steel. These services, which in part are unique, are greatly sought after and constitute an important part of the marketing of the steel operations' products.

The Group participates in various national and international activities for development of designs in steel. One such important activity in recent years has been participation in the light car concept, ULSAB, organised by the IISI. During the year, the work has concentrated on producing recommendations regarding the use of advanced high-strength sheet in the engineering industry.

Within quenched steels, work is taking place on exploiting, in an application, the possibility to use quenched steels with very high strengths in order to replace forging. In addition, WELDOX 800 is currently being launched to fill a gap in the product range for construction steels.

HARDOX abrasion-resistant steels have been developed in the direction of improved use and production qualities through greater toughness and improved cutting qualities. During the year, a number of variations have been introduced, among other things for new applications within the recycling and material processing industry.

Based on know-how regarding quenched steels, in recent years a new tool steel, TOOLOX, has been developed. This steel was launched in Sweden in 2002 and was introduced in a number of European countries in 2003. TOOLOX does not require heat processing after mechanical processing and has significantly better processing qualities than competing materials.

The development of applications within the automotive and construction industries takes place within the further processing operations. Research and development of press-hardening for the manufacture of safety parts for the automotive industry have continued to develop positively. Side impact beams and bumper beams have been followed up with chassis components such as B poles and roof beams. Press hardening provides a unique combination of high strength and advanced geometric design.

The Group's leading position within roof, wall, and rainwater run-off products in steel is a result of intensive development work in close cooperation with both users and architects.

Costs for R & D operations amounted to just less than 1% of the steel operations' sales. Various national and international networks are playing an increasingly important role with respect to more fundamental research operations. The Swedish steel industry's two research institutions, MEFOS – Metallurgical Research Institute and IM – The Institute for Metal Research, are important partners in the Group's network activity. These institutions have jointly established a branch in Borlänge, MIKRAB, which is a positive factor for the Group's sheet production.

The Group's customers demand that the operations possess the necessary quality assurance systems. The automotive industry's QS 9000 and ISO 9000:2000 are the quality assurance systems that impose the most stringent requirements. The relevant subsidiaries in the Group are approved for deliveries within the scope of these quality assurance systems.

Ethical issues

Work is underway on the formulation of the Group's principles for responsible business practice.

The work is based on the following guidelines:

- On all markets and in all operations where SSAB acts, the company shall comply with laws, agreements, and generally accepted business practices.
- SSAB views positively the approach expressed in the advisory principles for companies contained in the United Nations' Global Compact. These principles relate to human rights, working conditions, and the protection of our environment.
- SSAB will not be associated with corruption and bribery.

The operations are, and must be, based on the sound judgement of the individual employee as regards actions and decisions. The individual employee must also feel that he can seek guidance from colleagues and managers when necessary. The Group's working methods must be characterised by sound ethics.

The process of discussing these principles is taking place and, in 2003, seminars were held involving management groups in the subsidiaries. At the seminars, both the content of these principles and their practical implementation were addressed.

Personnel

The average number of employees was 9,374 (9,404), of whom 8,453 (8,502) were employed in Sweden.

Natural wastage in combination with a freeze on new recruitment during the second half of the year resulted in a reduction in the total number of employees and, at the end of the year, there were 9,149 (9,356) employees.

Number of employees at year-end

	2002	2003	Change %
SSAB Tunnplåt	4,473	4,399	- 2
SSAB Oxelösund	2,645	2,597	- 2
Plannja	481	470	- 2
SSAB HardTech	484	488	+ 1
Tibnor	1,140	1,072	- 6
Other	133	123	- 7
Total	9,356	9,149	- 2

As shown in the diagram below, the age structure for white-collar employees and blue-collar employees continues to be such that the Group will lose many experienced and skilled employees during the next few years through retirement. Some of these positions need not be refilled but, in certain cases, recruitment must take place. Thus, in the coming years the Group must cope with an employee generational change. At the same time, skills must increase due to ever new requirements, new technology, and new methods.

The work of improving the employees' skills has continued during the year. The activities are aimed, among other things, at teaching new techniques and new methods, and also as a preparation for new, future work tasks. As examples, mention may be made of quality assurance training, development and broadening of various technician skills, and extensive training for positions. New skills development tools have also been tested in various parts of the Group. Education outside working hours, which is partly financed by the employer, has also been popular during the year.

Within the manager training programme, the joint Group focus on developing younger persons who possess

management potential is continuing. A new manager development programme has been tested in parts of the Group and an introduction programme for new managers has been developed and brought into operation in another part of the Group.

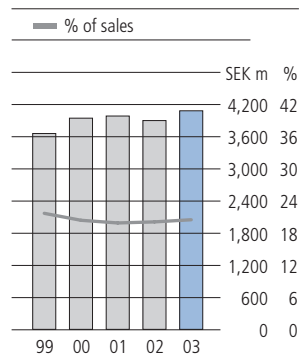
In order to meet future recruitment needs for well-educated employees, cooperation is being continually developed with university colleges and high schools. In the autumn of 2001, the Royal Institute of Technology relocated its civil engineering programme regarding the processing of steel to the Dalarna University College. The Swedish Ironmasters' Association has supported student recruitment through a scholarship programme, which has thus far been successful and which will, in the future, facilitate the recruitment of qualified engineers. For a long time, there have been positive experiences from the cooperation with Luleå University of Technology, from which a large portion of civil engineers have been recruited for the Group's operations in Luleå.

Turnover of personnel declined during the year and amounted to 5 (6)%. The negative trend of increasing sick leave absences has been broken and sick leave absences were unchanged at 5 (5)% for white-collar employees and 11 (11)% for blue-collar employees. At the same time, work continued on rehabilitation programmes in the event of sickness since this increases the likelihood of an earlier return to work.

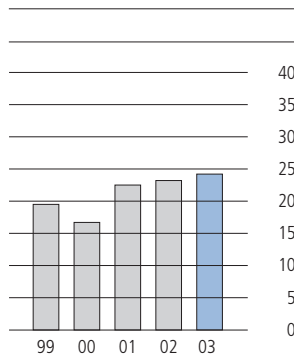
The number of accidents was at the same level as previously. Much work has been invested in preventive measures. An increasing proportion of near accidents are being reported; this is a prerequisite in order that the experiences gained from near accidents can be passed on to other employees so that the same mistakes or risks can be avoided.

Within the steel operations, an agreement has been reached whereby employees covered by a collective agreement with the Metalworkers' Union may receive partial

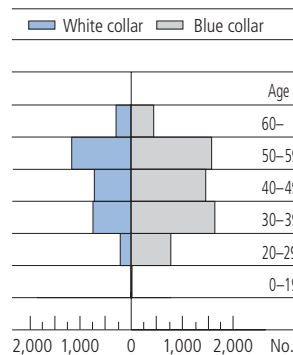
Personnel expenses



Number of accidents per million working hours



Age structure



pension from the age of 60. The pension, which requires at least 50% service, is paid in the amount of approx. 65% of the lost earnings from work. The purpose of the agreement is to make it possible for employees to shorten their working time in the final years prior to retirement. In this way, it is believed that more employees will also be able to work until ordinary retirement age. The system is being gradually developed and thus far approx. 50 partial pensions have been granted.

All employees participate in a profit-sharing scheme. This scheme was started in 1994 and entitles employees to participate in profits over a minimum level which, for 2003, was just over SEK 800 million. The profit share for an employee working full time was thus approx. SEK 4,000 (0).

In total, costs for wages and payroll taxes amounted to SEK 4,084 (3,901) million, equal to 21 (20)% of sales.

New accounting rules 2004 and 2005

Commencing 1 January 2004, the Swedish Accounting Financial Standards Council's Recommendation 29, Remuneration to Employees, is applied with respect to the consolidated accounts. The new application entails a change in accounting principles and will have effect primarily with respect to benefit-based pension agreements. The collective benefit-based plan which covers the Group's Swedish white-collar employees (the ITP plan, Supplementary Pension for Employees in Industry and Commerce) and which is financed through pension insurance with the Alecta insurance company will, in 2004, be treated as a contribution-based plan since Alecta lacks the possibility to report the Group's share of obligations and assets. Within the Group, there are otherwise only a small number of pensions solutions that are designed as benefit-based plans. With respect to these plans, revaluation has taken place in accordance with the new rules and the non-recurring effect of the changed principles will be reported directly against equity; as a consequence, equity increases by just over SEK 20 million.

Within the European Community, it has been decided that commencing 1 January 2005 accounting in listed companies will take place in accordance with international accounting standards (IFRS). In many regards, accounting in Sweden has already been adapted in this direction; hence, the recommendations issued by the Swedish Financial Accounting Standards Council largely correspond to these IFRS standards.

Within the Group, intensive work is underway to identify and plan for the changes that will affect the accounting. In the interim report for the first quarter of 2005 and the annual report for 2005, a reconciliation will take place between the balance sheets and income

statements for 2004 in accordance with the current accounting principles and in accordance with IFRS.

Based on what is currently known, the new rules regarding the reporting of financial instruments will constitute the change that most affects the Group accounting.

The financial reports will also be affected by changed classification and information requirements in accordance with IFRS. These changes may affect key ratios but, based on evaluations thus far, it is believed that the effect will be limited.

Prospects for 2004

The decline in demand for steel in Europe, which commenced in 2000, appears to have bottomed out. Thus, steel consumption in 2004 is expected to be somewhat higher than in 2003.

The steel operations' volumes of the core niche products, quenched steels and extra and ultra high-strength sheet, are expected to increase. In the trading and processing operations that are dependent on the Swedish market, it is believed that volumes will be essentially unchanged.

World market prices for raw materials, primarily coal and iron ore, will increase significantly in local currencies as a consequence of the rapid increase in consumption in China. To some extent, the price increases will be offset by a weaker dollar. However, when large increases in freight costs are also factored in, the prices for coal in the agreements which enter into force on 1 April 2004 are almost 30% higher than in last year's agreements. It has been possible to carry out certain price increases in local currencies for sheet and plate pending the first quarter. Increased raw material prices and improved demand are expected to lead to yet further increases in steel prices during the year.

Processing costs will be affected by a number of cost-cutting programmes and should, in general, be unchanged.

The approximate effect on profit after financial items, and on earnings per share, as a consequence of changes in significant factors are set forth in table below.

Sensitivity analysis

	Change in %	Effect on profit, SEK millions	Effect on earnings per share, SEK
Prices – steel operations	10	1,300	9.30
Volume – steel operations	5	280	2.00
Volume – trading operations	10	80	0.55
Margin – trading operations	2%-pts	110	0.80
Wage costs	2	80	0.55
Prices – coal, coke and iron ore	10	260	1.85
Krona index	10	480	3.45

Corporate governance

Shareholder influence

At the Annual General Meeting of the shareholders, the shareholders elect, among other things, the Board of Directors and auditors and decide upon the manner in which the nomination committee shall be appointed.

The 2003 General Meeting authorised the Chairman of the Board to appoint three members from among representatives of the company's largest shareholders, who are not members of the company's Board, to constitute a nomination committee together with the Chairman prior to the election of the Board for the coming year. The work in the nomination committee is preceded by the Chairman's evaluation of the Board members. The nomination committee for the 2004 General Meeting consists of Sverker Martin-Löf (Chairman), Carl-Olof By (Industrivärden), Tor Marthin (AMF Pension) and Björn Lind (SEB Fonder).

Work is continually taking place within the company to develop systems of rules and routines which ensure transparency, real shareholder influence, and a well-functioning Board.

The Board of Directors and its work

In the Board, decisions are taken regarding, among other things, major investments and undertakings as well as issues relating to the Group's strategic focus and organisation.

The Chairman of the Board presides over the Board's work and represents the company in ownership matters.

During 2003, the Board has consisted of eight members elected by the General Meeting and three members, with three deputy members, representing the employees. Out of the members elected by the General Meeting two represents the largest owner, five are independent members, and one – the President – is employed by the company.

During the year, the Board held seven meetings at which minutes were taken. The Board's work is conducted in accordance with an annual presentation plan. Special rules of procedure are in place which govern the allocation of work between the Board and the President. Each Board member receives documentation concerning matters on the agenda in due time prior to each Board meeting.

To ensure that the Board's information and control requirements are met, a dialogue takes place each year with the company's auditors regarding the planning of the focus and scope of the audit. Following the accounts for the first three quarters and after the preparation of the annual accounts, the company's auditors, at Board meetings held in December and February, report their comments based on the audit and their assessment of the company's internal controls.

On a number of occasions, most recently in 2002, the Board considered whether to establish a special audit committee. However, the Board has concluded that audit issues shall be handled by the Board as a whole.

In addition, within the Board there is a compensation committee which determines the salaries, pensions, and

other terms and conditions for the President and establishes corresponding limiting guidelines for Group Management. The committee consists of Sverker Martin-Löf (Chairman), Anders G Carlberg and Anders Ullberg.

During the 2003 financial year, the Board discussed, among other things, the strategic focus, cost cutting measures and activities to reduce sick leave absences. Further, the Board decided, among other things, on a revised information policy, on an upgrading of the cold-rolling mill in Borlänge and on the final stage of the renovation of the coking plant in Luleå.

Management of the group

The President, who is also the Chief Executive Officer, has overall responsibility for the operations within the limits established by the Board and is responsible for the ongoing management of the Group. The Presidents of the Group's five subsidiaries report to the CEO.

Group Management consists of the CEO, the President of SSAB Tunnsplåt, President of SSAB Oxelösund and the Group's Chief Financial Officer, and Technology Director.

Group Management is responsible for the formulation and implementation of the Group's overall strategy. Duties also include questions concerning, e.g., corporate acquisitions and other major projects which do not naturally relate to an individual subsidiary.

The parent company's staff is responsible, among other things, for all of the Group's financial reporting, communications to the stock market and mass media, as well as a number of other issues of an overall Group nature.

Other joint Group areas, such as the environment and social issues, are handled through networks of persons from various parts of the Group. There is also a well-established cooperation between the subsidiaries within the scope of the ongoing operations.

Control of subsidiaries

SSAB's organisation is characterised by clear decentralisation and the delegation of considerable powers and responsibility to the subsidiaries. Thus, the subsidiaries have their own staffs and other resources, which render possible efficient direction and control within each subsidiary.

In addition to the ongoing operations, the subsidiaries also have the task of handling their own strategic development and their strategic investments. These matters are initiated and prepared by the management of each subsidiary and, following approval by the Board of the subsidiary concerned, approved by the Group Board of Directors.

The Group's CEO is the Chairman of the Board of Directors of all subsidiaries. The Boards also include representatives from Group Management and of the employees. In addition, the Boards of SSAB Tunnsplåt, SSAB Oxelösund, Plannja and Tibnor include representatives who are not employed within the Group.

Financial risk management

Financial risk management is governed by the Group's finance policy. Almost all financial transactions take place through the parent company's finance department.

Currency exposures

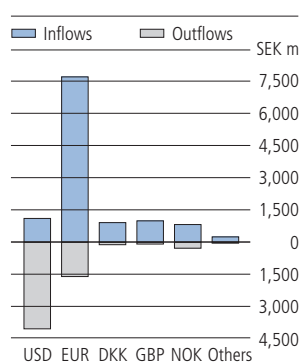
The Group's currency exposures are handled by the parent company and the aim is to reduce the effects on contracted flows from changes in exchange rates. Thus, subsidiaries hedge their sales and purchases in foreign currency with the parent company when the currency risk arises. In most cases, this occurs upon the signing of the order. To the extent the parent company is unable to match the flows, the remaining currency exposures are covered through forward contracts. Since the orders in hand in the steel operations normally only correspond to six-seven weeks production, the Group's currency policy means that changes in exchange rates affect the Group's results relatively quickly. On the purchasing side, however, currency forward contracts can be for a longer term. The value of the contracts and their outstanding terms are set forth in Note 22.

Sales on export markets take place primarily in local currencies. Export sales create currency flows in primarily EUR but also in USD and other European currencies. Inflows of all other currencies are relatively limited.

Purchases of primarily iron ore and coal take place in USD. In addition, there are outward currency flows as a consequence of major investments, which partly take place in foreign currencies, primarily EUR.

All in all, this means that the Group has a net outflow of USD and a net inflow of other currencies. The net inflow of foreign currencies increased somewhat to SEK 5,600 (5,500) million. The Group's most important currency flows are shown in the diagram below.

Currency flows



Net investments in the form of equity in foreign subsidiaries and affiliated companies amount to approx. 6% of the Group's total equity and thus the translation exposure is relatively limited. In addition, the exposure is limited due to the fact that the major net investments in foreign subsidiaries and affiliated companies are financed through loans in the corresponding currency.

Currency risks that arise in conjunction with other borrowing in foreign currency are hedged up to the principal amount of the loan.

Financing risk and liquidity risk

The borrowing strategy is focused on securing the Group's need for external loan financing. Financing takes place primarily in the parent company. Of the total interest-bearing debt of SEK 3,792 million, only 10% consists of financing which takes place directly between subsidiaries and an external party. These cases primarily involve the assumption of liabilities in newly acquired companies, financial leasing, or pension obligations.

A Swedish MTN (Medium Term Note) Programme is used for borrowing for terms of up to ten years, whilst a Swedish Commercial Paper Programme is used for borrowing for shorter terms. In each of these programmes there is a limit of SEK 2,000 million. In addition, there is a Euro Commercial Paper Programme of MUSD 100 which, however, was not utilised during the year. The Swedish Commercial Paper Programme is rated by Standard & Poor's at K-1 and the MTN programme at BBB+. At year-end, borrowing within the MTN and Commercial Paper Programmes amounted to SEK 2,739 (2,881) million.

The long-term borrowing amounted at year-end to SEK 2,548 (2,527) million and had an average term of 3.1 years. Repayments during the coming years are shown in Note 13.

The short-term borrowing through the Commercial Paper Programme amounted at the end of the year to SEK 889 million, with an average term until maturity of slightly less than two months.

Liquidity in the subsidiaries is handled through a central Group account system or in local cash pools. Excess liquidity is used to reduce debts. Liquid assets at the end of the year amounted to SEK 533 (416) million.

Committed credit facilities are in place to minimise the risk of raising capital in the future becoming difficult or expensive. The Group's liquidity preparedness consisting of liquid assets, and non-utilised committed credit facilities shall amount to not less than 10% of the Group's sales. At year-end, the Group's liquid preparedness amounted to SEK 2,429 (2,560) million, corresponding to 12 (13)% of sales.

Interest rate risks

The Group's interest rate risks relate to changes in market interest rates and their effects on debt. Interest duration for the total loan debts (long-term and short-term borrowing) vary between 1.5 and 3.5 years. Long-term borrowing via the MTN Programme or via the private placement market takes place primarily at fixed interest rates during the loan term. The interest duration on borrowing may be varied within stated risk limits through use of interest rate swaps. At the end of the year, however, there were no such interest rate swaps.

At year-end, the Group's total loan debts amounted to SEK 3,494 million with an average interest duration of 2.5 years.

Financial credit risk

Credit risks arise in conjunction with the investment of liquid assets and as counterparty risks in conjunction with derivative transactions. In order to limit the financial credit risks, the maximum permitted counterparty risk is determined with respect to approved counterparties. An approved counterparty must have a credit rating of not less than A- from Standard & Poor's or A3 from Moody's. If there is no agreement in accordance with the International Swaps and Derivatives Association with the counterparty, the exchange rate profits are not set off against exchange rate losses when calculating the risks. The total counterparty risks in derivatives at year-end amounted to SEK 135 million.

In addition to the above there are credit risks in receivables; these do not fall under financial risk management but, rather, are handled in the respective subsidiaries. The risk is, however, spread out over a large number of customers. In addition, individual credit rating tests are conducted and limits imposed for each customer.

Insurance

All industrial operations are associated with risks that must be taken into consideration, handled, and prevented. The most prominent risks are injuries to persons, damage to property, and risks of financial losses as a consequence of the occurrence of insured events.

Insurance can be regarded as advance financing of future risks. The Group's financial position is such that insurance shall primarily consist of catastrophe cover. This entails insurance solutions with reasonably high amounts of excess.

SSAB Tunnplåt

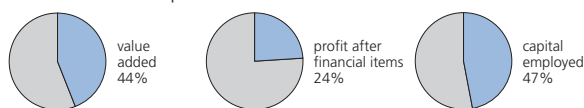
Curt Johansson, President SSAB Tunnplåt*



SEK millions	2001 ¹	2002 ¹	2003
Sales	9,718	10,161	10,583
Profit after financial items	173	214	722
Cash flow	– 175	213	182
Capital expenditures	388	510	623
Capital employed	6,863	6,634	7,021
Return on cap. empl. (%)	4	6	13
Number of employees	4,704	4,662	4,604

¹⁾ Commencing 1 January 2003, Dickson is a subsidiary of SSAB Tunnplåt. The figures for 2001 and 2002 have been adjusted in order to be comparable. See Note 23 for definitions.

Share of the Group's



*) New President commencing March 2004: Anders Werme.

SSAB Tunnplåt is the largest manufacturer of steel sheet in the Nordic region and one of the leading companies in Europe within the area of high-strength sheet. Production capacity currently amounts to almost 3 million tonnes per year.

The product range includes sheet in the thickness range 0.10–16 mm with a maximum width of 1,600 mm. The products are marketed under the Domex, Docol, Dogal, Dobel and Prelaq trade marks.

SSAB Tunnplåt's strategy is based on growth within the area of high-strength sheet – especially extra and ultra high-strength sheet – and becoming the leading company in Europe for high-strength sheet, while at the same time maintaining its commanding position for all sheet products on the domestic market in Scandinavia.

The higher strength of sheet can be exploited by users to reduce weight in a design or to increase the strength of the design without any change in weight. Hot-rolled extra and ultra high-strength sheet is used within the automotive industry for, primarily, heavy vehicles and for containers. Cold-rolled extra and ultra high-strength sheet are used primarily for safety components in the automotive industry. Galvanised extra and ultra high-strength sheet are used in applications that require a high level of anti-corrosion protection. The main competitors within high-strength sheet are Thyssen Krupp and Arcelor.

Ordinary sheet is used primarily within the engineering, construction, and automotive industries. Competitors within these segments consist of most Western European steel companies.

The heavy production takes place in two localities. The ore-based metallurgy comprising coking plants, blast furnace, and steel mills for the production of steel slabs is located in Luleå, while rolling mills as well as coating and further processing lines are situated in Borlänge.

The metallurgy capacity in Luleå is not sufficient to supply all sheet manufacturing needs. The remaining slabs required are, therefore, purchased from the Group company, SSAB Oxelösund.

Further processing is also carried out through organic coating in Finspång and through cutting to size at the subsidiaries in Italy, Denmark, Great Britain and Holland. Dickson PSC has plants for slitting and cutting to size of sheet at Borlänge and in Gothenburg. At the beginning of 2003, Dickson was taken over from the parent company. The affiliated company, Cogent Power, is one of the largest producers of electric steels in Europe and the largest company in Europe for the stamping of electrical steels.



High-strength sheet is used in applications in which high strength in combination with low weight is required. The high-strength steels are used in, among other areas, the automotive industry for heavy vehicles, by crane manufacturers, and for bearing components in containers. The production line includes both hot- and cold-rolled as well as metal and organic-coated sheet. Approx. 40% of the deliveries are high-strength sheet.

The market

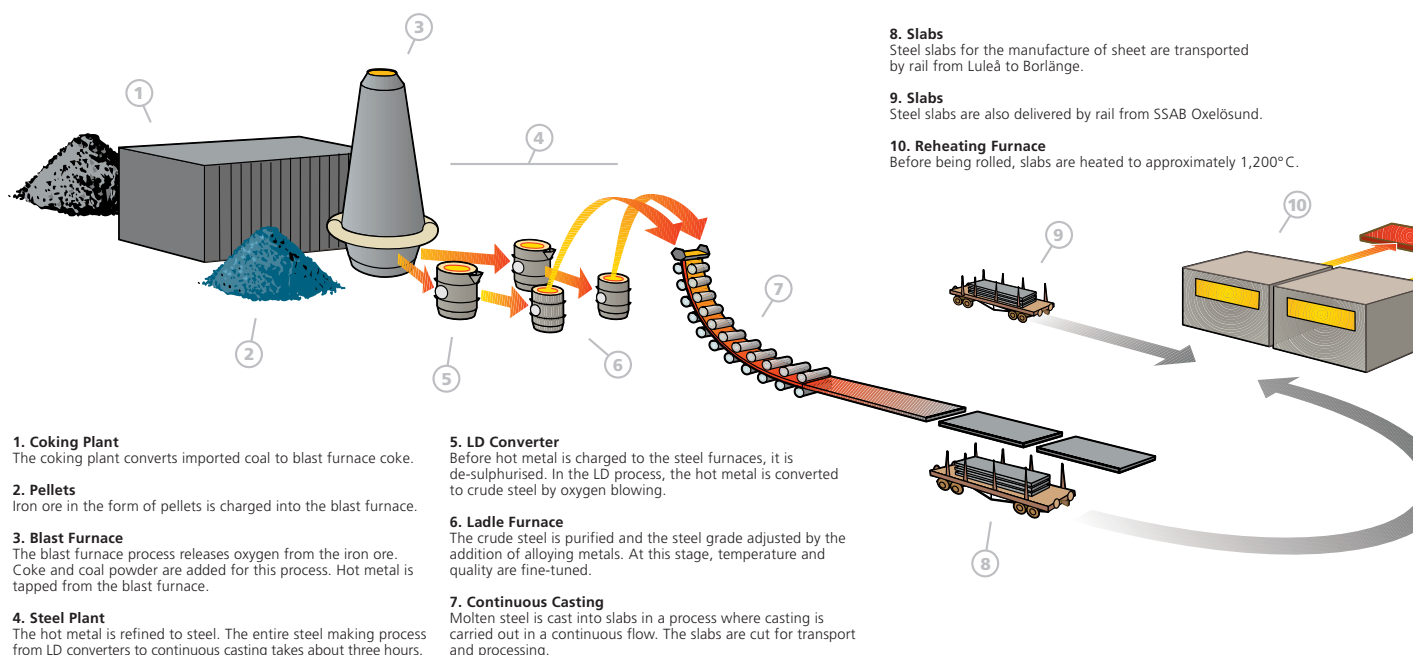
Sheet is the largest product group within the commercial steels sector and accounts for just over half of the European market for commercial steels. The price structure for sheet is relatively similar on the larger markets in Europe.

The consumption of sheet in Europe was stable but somewhat lower than in 2002. It was possible to carry out price increases during the first two quarters and the prices subsequently stabilised.

Deliveries of extra and ultra high-strength sheet increased during the year by 19%. The increase has taken place both to existing customers in Europe and China as well as to new customers in, among other places, the United States. Deliveries of high-strength sheet increased in total by 5% to 993 (942) thousand tonnes.

Total deliveries declined by 2% to 2,480 (2,538) thousand tonnes.

Sheet consumption in Sweden increased somewhat last year, primarily due to stronger demand within the automotive sector. SSAB Tunnplåt's deliveries to Swedish customers increased by 3%.



Export accounted for 66 (68)% of sales. The shares of deliveries represented by the largest markets are shown in the table below:

Share of deliveries (%)	2001	2002	2003
Sweden	36	32	34
Germany	11	13	12
Italy	11	11	12
Denmark	8	8	7
Great Britain	6	6	6
France	5	6	5
Norway	4	4	4
Finland	3	3	4
North America	3	3	1
Spain	3	3	3
Holland	3	3	3
Others	7	8	9
Total	100	100	100

Production

Production at the hot-rolling strip mill declined somewhat to 2,640 (2,675) thousand tonnes. The production of slabs was disrupted by the breakdown of a blowing engine at the beginning of the year and thus was reduced.

Production, kt	2001	2002	2003	Change in %
Coke	705	636	618	- 3
Slabs	2,088	2,125	2,044	- 4
Hot-rolled	1,285	1,425	1,417	- 1
Cold-rolled	531	561	502	- 11
Metal-coated	328	319	327	+ 2
Organic-coated	209	237	234	- 1

Profit

Profit after financial items increased by SEK 508 million to SEK 722 million. The increase in profit was primarily due to improved margins.

Capital expenditures

The renovation of the coking plant which started in 2002 was completed in November and production is now back to a normal level.

Fine tuning is currently taking place of two new cutting lines for the cutting to size of high-strength sheet. The new lines will render possible increased volumes of cut-to size extra and ultra high-strength sheet in 2004.

During the year, a decision was taken regarding continued upgrading of the tandem mill, which will be completed by the summer of 2006.

11 Hot Rolling Strip Mill

The slab is first rolled in a rougher to a thickness of approximately 30 mm after which it is rolled up into a coil box. Thereafter, it is rolled through six finishing stands.

12. Coiler

The hot strips are reeled up into large coils which either go on to cold-rolling, are sold as hot-rolled coils, or are cut to sized sheets.

13. Pickling

In the pickling process, the iron oxide scale is removed from the surface of the hot-rolled strips by dipping them in hydrochloric acid.

14. Cold-Rolling Mill

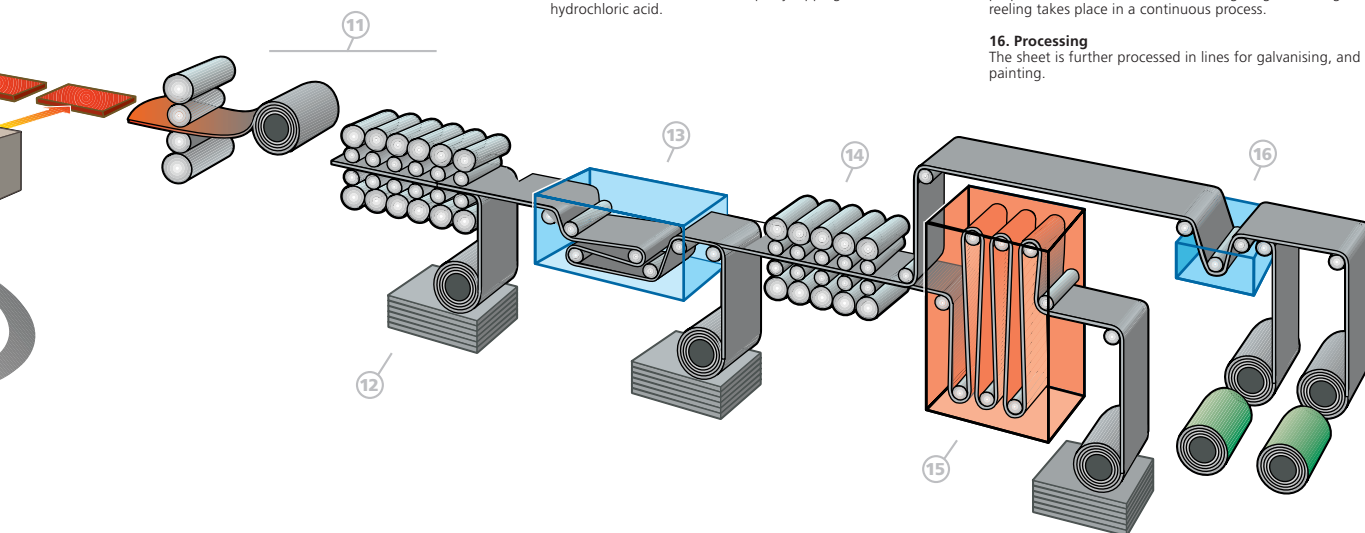
The pickled strips are cold-rolled in a tandem mill giving them a better finish and closer tolerance. From the tandem mill, the sheet goes on to either annealing or to the metalising lines.

15. Annealing

Annealing gives the sheet more uniform internal and surface properties. Heat treatment, trim rolling, edge trimming, and reeling takes place in a continuous process.

16. Processing

The sheet is further processed in lines for galvanising, and painting.



Product and process development

Product development is focused on extra and ultra high-strength steels, in particular on higher strengths, improved formability and adaptation to specific market needs and selected market niches.

Major product and process development work is taking place in order to develop even stronger ultra high-strength hot-rolled steel. These will be introduced into the market in 2004.

Hot-rolled and cold-rolled extra and ultra high-strength steels for ballistic protection have been developed and are marketed under the names Domex Protect and Docol Protect. New cold-rolled extra and ultra high-strength steels have been developed for the American automotive market.

Development projects in cooperation with customers are one of the cornerstones of the business operations. Projects contribute to strengthening the customers' competitiveness by utilising the qualities of high-strength steels. During the year, development projects have been carried out together with manufacturers of trucks and trailers, passenger cars, and their suppliers, and with a number of engineering companies. A handbook regarding jointing will be introduced in 2004.

The work on the ULSAB light car concept is continued within the scope of IISI with the preparation of recommendations regarding manufacturing using advanced high-strength steels.

The fifth annual Swedish Steel Prize was awarded during the year. The prize, which is awarded for the utilisation of high-strength sheet in an innovative manner, was shared this year between Su-Dan Corporation and Superior Trailer Works, both of the United States. Su-Dan has produced a map holder in advanced high-strength steel with significantly reduced weight and production costs. Superior Trailer Works has developed a trailer in which they have utilised the high-strength and abrasion resistance of ultra high-strength steels in an efficient and innovative manner.

In connection with the awarding of the prize, the "Swedish Steel Prize Inspiration Seminars 2003" were arranged. More than 300 participants from throughout the world participated, in a single day, in some ten lectures which illuminated various aspects of the use of high-strength steel.

SSAB Oxelösund

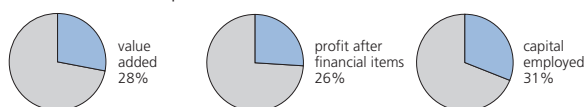
Anders Werme, President SSAB Oxelösund*



SEK millions	2001	2002	2003
Sales	4,882	5,225	5,468
Profit after financial items	246	209	312
Cash flow	- 321	534	135
Capital expenditures	331	172	271
Capital employed	4,698	4,459	4,486
Return on cap. empl. (%)	8	7	9
Number of employees	2,542	2,528	2,595

See Note 23 for definitions.

Share of the Group's



*) New President commencing March 2004: Bengt Nilsson

SSAB Oxelösund is the world's leading manufacturer of quenched steels. Quenched steels refers to plate with extra high strength and good weldability in combination with high abrasion-resistance and good formability. The main products within quenched steels are abrasion-resistant steels, HARDOX, and construction steels, WELDOX.

The HARDOX products are used in applications in which there are stringent requirements with regard to hardness, high strength, and toughness, in combination with good welding and bending characteristics. Important areas of use include construction machinery and mining equipment.

The most prominent characteristics of the WELDOX products are good weldability and formability in combination with fine surfaces and flatness. These characteristics enable users to manufacture light and strong products with a good total economy. Construction steels is used, among other things, in the manufacture of cranes, bridges, and offshore equipment.

Competitors within the quenched steels sector are primarily Thyssen Krupp and Dillinger in Europe, as well as International Steel Group and Algoma in North America.

Ordinary plate is used in the general engineering industry, shipbuilding industry and, to an increasing extent, the wind power industry. The majority of large Western European plate producers are competitors within the ordinary plate sector.

Manufacturing in Oxelösund is carried out in an integrated process from iron ore to finished plate in thickness of 3–155 mm and widths of up to 3,500 mm. Thanks to the production equipment, it is possible to deliver plate with characteristics that are tailor-made for the requirements of different customers.

The market

Deliveries of quenched steels during the year increased by 16%. The expansion has been facilitated through the gradual establishment of new sales companies throughout the world. Sales of quenched steels take place almost exclusively under SSAB's own management through 32 subsidiaries throughout the world. During the year, sales companies were established in Brazil, Indonesia and Malaysia. In addition, a distributor with its own component manufacturing was acquired in Canada.

The largest increases in sales occurred in Southern and Eastern Europe and in Asia, particularly in China. Sales on the two largest markets, Germany and the United States, have also increased, whilst sales in Sweden were largely unchanged.

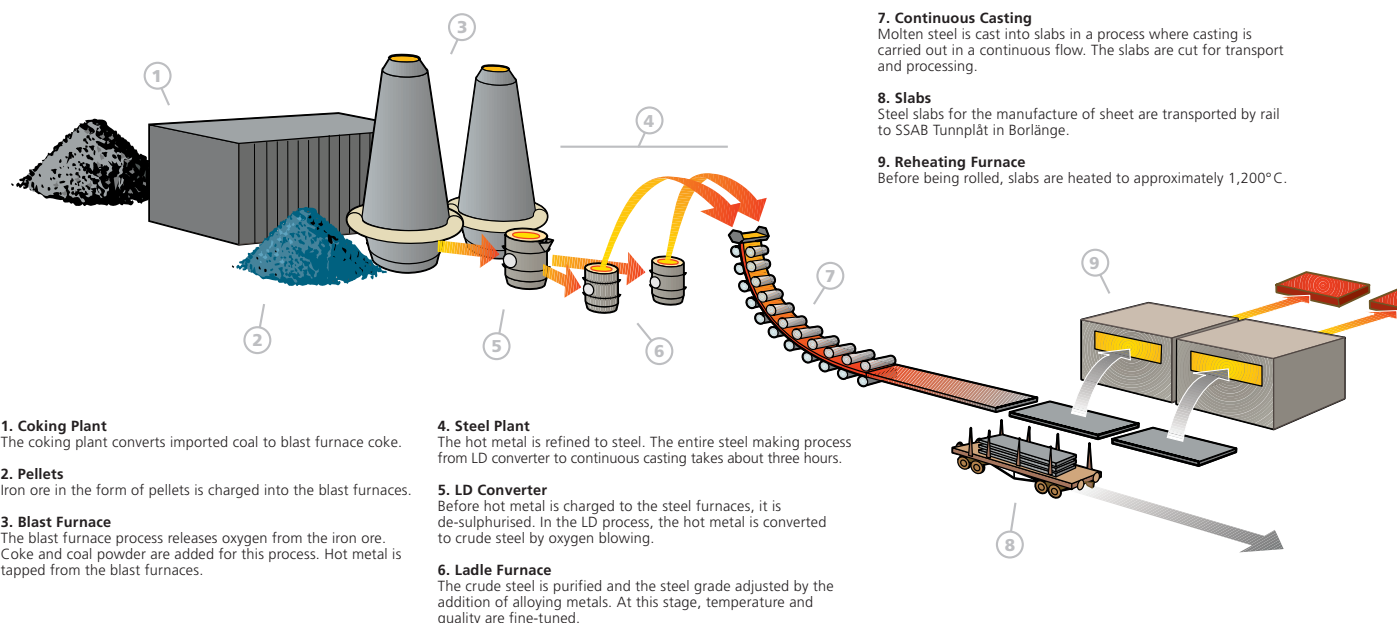


Quenched steels, i.e. the abrasion-resistant HARDOX steels and the extra high-strength structural WELDOX steels are used in applications with extreme demands for high strength in combination with good weldability or high abrasion resistance. The quenched steels are sold throughout the world and used in, among other areas, construction and mining equipment and mobile cranes. Approx. 60% of the deliveries consist of quenched steels.

In the United States, margins have been affected negatively by the tariffs that were imposed in the spring of 2002. The decision in December 2003 to lift these tariffs significantly improves conditions. Prices for quenched steels in local currencies were largely unchanged during the year. Deliveries of ordinary plate increased by 8% at prices that were largely unchanged in local currencies.

Approx. 87% of deliveries were exported. The largest markets are shown in the following table.

Share of deliveries (%)	2001	2002	2003
Germany	17	18	21
Sweden	14	13	13
Denmark	9	7	10
Italy	5	5	5
Finland	3	4	4
Other EU countries	19	19	19
Norway	4	4	3
USA	5	4	4
Canada	3	3	2
South Africa	3	2	2
Asia	6	8	9
Others	12	13	8
Total	100	100	100



Production

Production in the four-high rolling mill increased during the year by 11%. The increase is explained by improved productivity and enhanced access. The production of quenched steels has continued to increase in the new quenching line that was brought into operation in the autumn of 2001.

Slab production increased by 3% to 1,576 thousand tonnes. Of this volume, almost one half was delivered to the Group company, SSAB Tunnsplåt, and a smaller portion was sold to other steel companies. The remaining slab volumes were processed into plate at the company's own plants.

Production, kt	2001	2002	2003	Change in %
Coke	443	438	441	+ 1
Slabs	1,508	1,536	1,576	+ 3
Plate	535	582	646	+ 11

Profit

Profit after financial items increased by SEK 103 million to SEK 312 (209) million. The increase in profit has been achieved primarily due to increased sales of quenched steels.

Capital expenditures

In recent years, major investments have been carried out in order to facilitate continued growth within quenched



10. Four-High Rolling Mill

In the four-high rolling mill, slabs are rolled into plate with thicknesses of 3–155 mm and widths of up to 3,500 mm.

11. Direct Cooling

In order to obtain the right toughness and strength, the newly rolled plate undergoes accelerated cooling with water to a determined temperature.

12. Sizing

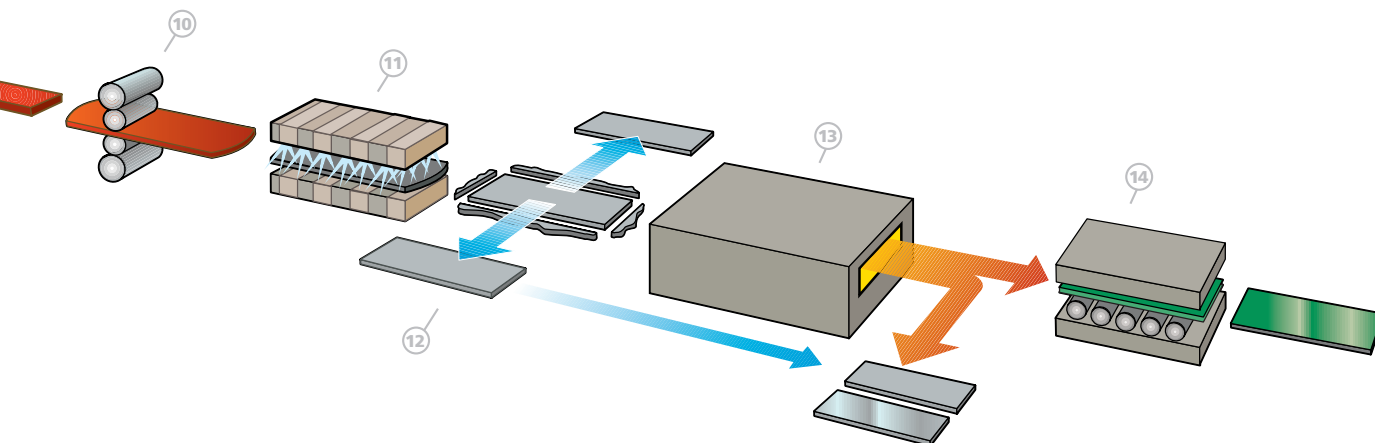
The plate is marked and sheared to size in a shear train or in a gas-cutting machine.

13. Heat Treatment

The plate is quenched and tempered in order to achieve the desired strength and toughness.

14. Fabrication

A large portion of the plate is blasted and painted.



steels. In addition to investments in a new four-high rolling mill and a new quenching line, significant resources have also been invested within marketing and distribution. Investments in 2003 and in coming years are focused on removing bottlenecks in the production and distribution of quenched steels.

In January 2003, a power plant was acquired from Vattenfall. The plant is located within SSAB Oxelösund's industrial area and produces district heating and electricity using surplus gases from the metallurgy.

Development

Product development resources are concentrated on quenched steels. The use of quenched steels provides a number of advantages for users, including lighter constructions and reduced downtimes for replacement of worn parts.

In order to satisfy increasing demand for lightweight steel structures, e.g. for manufacturers of mobile cranes and concrete transport vehicles, improved methods are being developed for the rolling and quenching of thinner dimensions. The development and production possibilities within these areas have significantly improved with the new rolling mill and quenching mill.

The development of quenched steels is taking place in close cooperation with customers and new, improved steels are often tested in especially demanding applications at a customer. The development work involves both

applications engineers and experts within both development and production.

The HARDOX abrasion resistant steels are being regularly upgraded and the product range has been expanded to include new, improved products. During the year, several variations have been introduced, among other things for new applications within the recycling and material processing industry.

The WELDOX construction steels are also being constantly developed and, during the year, WELDOX 800 was introduced to fill a gap in the product range. The possibility to use quenched steels with high-strength in order to replace forging is also being utilised in new applications.

The TOOLOX tool steel which was introduced in Sweden in 2002 has been launched on a number of European markets. TOOLOX has improved adaptability compared with traditional tool steels.

Plannja

Thomas Björk, President Plannja



SEK millions	2001	2002	2003
Sales	1,326	1,195	1,148
Profit after financial items	71	86	50
Cash flow	54	92	58
Capital expenditures	20	30	27
Capital employed	363	312	322
Return on cap. empl. (%)	20	26	17
Number of employees	471	465	456

See Note 23 for definitions.

Share of the Group's



Processing is of great strategic importance for the Group's possibility to maintain its strong domestic market position within the sheet sector.

Through many years of investment in product and market development accompanied by strategic corporate acquisitions, Plannja has become one of the leading European producers of building sheet with a geographical focus on the Nordic and Baltic regions, as well as Central and Eastern Europe.

The product range consists of a comprehensive range of flat and profiled building sheet, sheet roofing tiles, rain water run-off products, and sandwich-type wall panels. The products are used as load-bearing structures and as roofing and wall cladding for both residential and industrial premises. Plannja's marketing and sales are aimed at the contractor, sheet metal work, and consumer markets.

Most organic-coating of sheet is carried out at the company's own organic-coating line in Luleå. The profiling of building sheet takes place in Luleå and at the subsidiaries in Denmark, Finland, and Poland. The manufacture of wall sections is concentrated in Luleå, while rainwater run-off products are manufactured by the subsidiary, Plannja Siba, in Järforsen.

Most of the operations are based on the use of metal-coated sheet. However, a small part of the production is based on aluminium. Plannja's annual consumption of sheet amounts to approx. 85,000 tonnes. Most of the material is supplied by SSAB Tunnplåt. Plannja's market share in the contractor and consumer markets in Sweden is approx. 30%. Competitors include Haironville, Gasell/Rannila and Lindab.

The market

Demand for building sheet products continued to decline in the Nordic region and in the EU area, mainly due to lower investments in building, while the trend in Eastern and Central Europe continued to be positive.

In total, sales during the year fell by 4% to SEK 1,148 (1,195) million. The decline in sales was primarily due to the lower demand.

Foreign sales were unchanged at 58%. The largest markets are shown in the following table.

Share of sales (%)	2001	2002	2003
Sweden	43	42	42
Other Nordic countries	36	36	35
EU excluding Nordic countries	9	8	7
Others	12	14	16
Total	100	100	100



Construction materials in metal- and organic-coated profiled sheet are used both as supporting structures as well as roofing and facing products for residential and industrial premises as well as offices and schools, etc. The facing product, Plannja Panel, the beam system, Plannja Combideck and Plannja Siba's water run-off products are examples of Plannja's focus on complete and fully-planned systems solutions for both large and small construction projects.

Profit

Profit after financial items amounted to SEK 50 (86) million. The decline in profit compared with last year was primarily due to lower volumes and higher raw material costs.

Capital expenditures

During the year, a decision was taken to build a sixth roofing tile line. In Luleå, investments also took place in expanded computer capacity including a new workshop control system.

In Järforsen, investments have taken place in a new tool for the manufacture of compact hooks.

Development

During the year, development work concentrated upon improvements within the following product areas: sheet roofing tiles, rain water run-off products, and prefabricated sandwich panels. The work has facilitated increased efficiency through investments in complementary lines.

SSAB HardTech

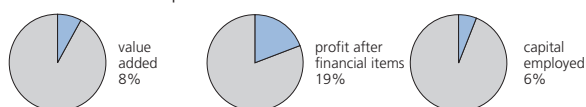
Thord Jonsson, President SSAB HardTech



SEK millions	2001	2002	2003
Sales	736	835	810
Profit after financial items	137	156	126
Cash flow	36	75	61
Capital expenditures	127	103	71
Capital employed	977	895	807
Return on cap. empl. (%)	19	21	18
Number of employees	377	453	503

See Note 23 for definitions.

Share of the Group's



SSAB HardTech develops, manufactures, and markets safety components for the automotive industry. The operations are based on the technology of hardening boron steel in combination with form pressing. The press-hardening technology makes possible narrower tolerances, improved dimension stability, and weight reduction. A number of car producers are increasingly concentrating on reducing the weight of the car. This factor, combined with more stringent safety requirements and new impact norms, provides competitive advantages for pressed-hardened products.

Production is carried out in Luleå and in Mason (Michigan, USA) based on boron steel supplied by SSAB Tunnplåt. The plant in Mason supplies the North American market with side impact beams and bumper beams. The plant in Luleå produces bumper beams, side impact beams, and chassis components primarily

for European markets. In addition, product development and the development of processing and tool technologies are carried out in Luleå.

Interest in press-hardened door pillars has increased through the introduction of impact tests with raised barriers in which collisions between SUVs and passenger cars are simulated. Tests conducted by insurance companies involving higher speeds than previously also contribute to an increased demand for stronger door pillars. Deliveries of such a concept through press-hardened door pillars and roof-bows are taking place for, among others, the Volvo XC 90.

Competitors on the market for side impact beams include Benteler and Thyssen, while competitors on the market for bumper beams include Benteler, Wagon, and Hydro Automotive.

The market

In total, deliveries were at the same level as in 2002. Deliveries of bumper beams and chassis components increased significantly, whilst deliveries of side impact beams fell. The growth with respect to chassis components and bumper beams is due to deliveries to new car models which were introduced in the autumn of 2002 and during 2003. The lower deliveries of side impact beams were due to weaker sales of certain models in the United States as well as delays in the production of some new car models.

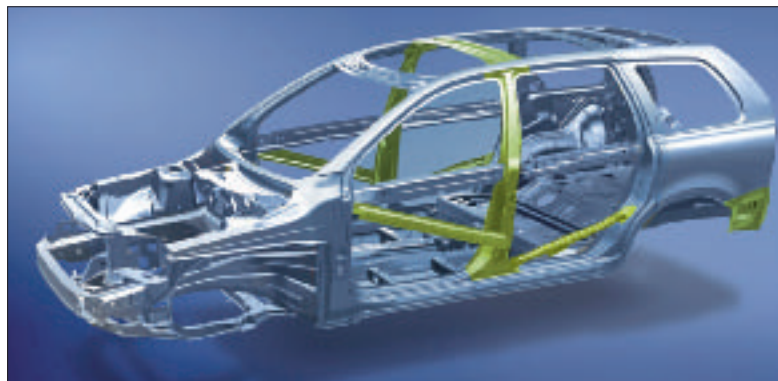
Foreign sales accounted for 84 (87)% of deliveries. The largest markets are shown in the following table.

Share of sales in (%)	2001	2002	2003
USA	36	42	35
Germany	24	24	21
Sweden	18	13	16
Portugal	7	6	5
Spain	6	4	5
Great Britain	5	5	6
Others	4	6	12
Total	100	100	100

During the year, agreements regarding deliveries for new models were entered into with, among others, Ford, General Motors, DaimlerChrysler, Volkswagen, BMW and LandRover.

Profit

Profit after financial items declined by SEK 30 million to SEK 126 million. An improved product mix could not compensate for weaker margins.



Low weight for lower fuel consumption and greater demands for safety are key concepts in the automotive industry. Through its press-hardening technology, SSAB HardTech has participated in the development of safe, light and extremely cost efficient side impact beams, bumper beams and components for the automobile's safety cage.

Capital expenditures

During the year, a decision was taken regarding investments in a blanking line in Mason. It is estimated that the line will be brought into operation in the summer of 2004. A fourth press-hardening line in Mason is under construction and will be started up in the spring of 2004. A new impact testing facility was brought into operation in Luleå during the year.

Development

Development of safety components takes place in close cooperation with a number of automotive manufacturers in both Europe and the United States. It is thereby possible to exploit to the full the advantages offered by the press-hardening technology.

Through the investment in the dynamic crash testing facility, conditions have been created for a more rapid development of bumper beam systems with better performance and lower weight. The crash testing facility has contributed to reductions in lead times and costs for the development of new bumper beam systems.

In recent years, bumper beam systems have been developed with a high degree of component integration. The systems are lighter and more cost efficient than competing solutions.

New cost-efficient concepts for production of side impact beams has been developed during the year.

Tibnor

Mikael Nyquist, President Tibnor



SEK millions	2001	2002	2003
Sales	6,475	5,424	5,334
Profit after financial items	185	75	91
Cash flow	579	115	138
Capital expenditures	70	82	43
Capital employed	1,441	1,401	1,248
Return on cap. empl. (%)	13	7	8
Number of employees	1,572	1,171	1,093

See Note 23 for definitions.

Share of the Group's



Tibnor is the leading trading company on the Swedish steel market and constitutes an important sales channel for SSAB Tunnplåt's and SSAB Oxelösund's products on the Swedish market. Tibnor is owned by SSAB (85%) and Outokompu (15%).

The supply of steel to the Swedish market takes place through steel trading companies and directly from Swedish and foreign steel mills. Other companies include various steel service centres with cutting and slitting lines as well as companies specialising within certain product segments.

Tibnor enjoys a leading position within steel and metal trading within the Nordic region, with its own subsidiaries in the neighbouring Nordic countries. Tibnor is also represented through its own subsidiary in Poland. The most important customer segments are companies within the engineering, processing, and building industry. A significant portion of Tibnor's customers within the engineering industry are suppliers to the Swedish export industry. The largest competitors among distribution companies in Sweden are Bröderna Edstrand and ASVA.

In addition, there are a number of smaller and often specialised companies, which primarily operate on geographically limited markets.

Through a nationwide sales, warehouse, and distributions function, Tibnor is an important partner for the provision of materials and supplies to industry. By offering the market a wide range of products and services, the company is an integral part of the customers' production flows.

Tibnor's traditional business lies within the areas of steel and stainless steel in which a complete range of commercial steels, sheet, plate, special steels, pipes and stainless steel are offered to industry. In addition, the business operations include the sale of metals and building-related steel products. As a consequence of customers' demands, steel and metal products are, to an increasing extent, being delivered pre-treated for immediate use in the customers' production. Resources for slitting and cutting to size of sheet are provided by SSAB Tunnplåt's subsidiary, Dickson. Tibnor has its own production centres for cutting to lengths, blasting, painting and figure cutting, etc. with respect to other materials. In addition, Tibnor is able to offer production resources through a network of partners in various areas of expertise.

Through its own subsidiaries in the other Nordic countries and in Poland, the customers are offered a selection of steel and metal products. Within the metals business area, specialisation has taken place in trading in metals for industrial use. Tibnor is the pre-eminent distributor of semi-finished goods and raw materials of aluminium, copper, brass and zinc in Sweden, Finland and Denmark.

The building industry is supplied with a range of steel-based construction products. Tibnor is one of Sweden's leading suppliers of reinforcement products, and possesses two plants for the manufacture of insertion-ready re-bar products. In addition, Tibnor is a leading supplier of piling steel.

The market

The Group's sales during the year amounted to SEK 5,334 million – 2% lower than in the preceding year. During 2003, the market remained weak within most of Tibnor's product areas. Tibnor's range of commercial steels has been negatively affected by the sharp decline within steel construction, primarily with respect to the construction of retail and commercial premises. On the other hand, infrastructure projects, roads and bridges, have lead to an increase in demand for reinforcement products.

Demand from the automotive industry has been strong and had a positive effect on Tibnor's sales of,



With the market's broadest selection of commercial steels, special steels, tubing and stainless steel and with a nation-wide logistics system, Tibnor has become a natural link in its customer's production chains. The steel is delivered blasted, pre-painted, cut, sheared or slitted in order to be capable of being placed directly in the customer's production process. Metals and building-related products supplement the product range.

primarily, sheet and special steels. Within the engineering industry in general, demand has been depressed.

The processing industry demonstrated a continued low rate of investment also during 2003, a factor which has negatively affected stainless steel volumes.

Despite the depressed market, prices during the year have gradually increased with respect to most of the range of steel products.

Sales SEK millions	2001	2002	2003	Change %
Steel	1,672	1,682	1,565	- 7
Sheet	1,486	1,427	1,522	+ 7
Special steel	649	614	634	+ 3
Stainless steel	487	463	452	- 2
Metals	1,012	967	837	- 13
Construction	262	242	279	+ 15
Other	20	29	45	-
Industrial Supplies	887	-	-	-
Total	6,475	5,424	5,334	- 2

Profit

Profit after financial items increased to SEK 91 (75) million. The increase in profit was mainly due to stronger margins.

Capital expenditures

At the beginning of January 2003, Tibnor acquired the operations of Alu-S in Göteborg. Alu-S is a pure metals company and also engages in simple production.

Other companies

Profit after financial items in each company

SEK millions	2001	2002	2003
Coronet Finance	44	36	0
Cogent Power	- 21	- 229	- 318
Norsk Stål	34	19	- 4
Norsk Stål Tynnplater	- 22	- 6	- 6
Lulekraft	0	0	0
Oxelösunds Hamn	4	5	7

Coronet Finance

Coronet Finance was a wholly owned Irish subsidiary which met the financing requirements of, primarily, foreign subsidiaries. At the end of 2002, the operations were discontinued and transferred to the parent company.

Cogent Power

The company was formed in 1991 through a merger of SSAB and British Steel's operations within the electric steels sector. The company is one of the largest producers of electric steels in Europe. Cogent Power is owned by Corus (75%) and SSAB Tunnplåt (25%). Manufacture takes place at Newport in South Wales and in Surahammar. In 2000, the German company, Kienle&Spiess, was acquired. This is the largest company in Europe for the stamping of electrical steels, with production facilities in Germany, Great Britain, Hungary, and the United States. There are in total 2,561 (2,719) employees.

As a result of weak demand in both the electric steels and stamping operations, margins weakened and sales declined to SEK 3,446 (3,669) million. An extensive programme of measures was commenced in 2002 and the programme has continued in 2003 and also been further expanded. The result after financial items declined to SEK - 318 (- 229) million. The result for the year was affected by a write-down of goodwill in the amount of SEK 141 million and additional costs for the programme of measures amounting to SEK 20 (70) million.

Norsk Stål

Norsk Stål is Norway's largest steel wholesaler with a market share of approx. 40%. There are 275 (303) employees.

Norsk Stål is owned by SSAB (50%) and Corus (50%).

Demand for steel in Norway declined within both shipbuilding and offshore drilling and sales declined to SEK 1,297 (1,492) million. As a consequence of lower volumes, the result after financial items declined to SEK - 4 (19) million.

Norsk Stål Tynnplater

Norsk Stål Tynnplater is Norway's largest steel service centre with a market share of approx. 70%. There are 59 (60) employees.

Norsk Stål Tynnplater is owned by SSAB (50%) and Corus (50%). Demand for processed sheet declined in Norway and sales fell to SEK 362 (373) million. The result after financial items was unchanged at SEK - 6 (- 6) million.

Lulekraft

Lulekraft operates a combined heat and power plant in Luleå and is owned by SSAB (50%) and the municipality of Luleå (50%). The combined heat and power plant utilises energy-rich gases from SSAB Tunnplåt's slab manufacturing operation and produced 716 GWh of district heat and 603 GWh of electricity. The district heat is sold to Luleå Energi, which distributes it to approx. 20,000 households in the municipality of Luleå. The electricity is sold to SSAB Tunnplåt. There are 32 (31) employees.

Sales increased to SEK 289 (250) million. Profit after financial items amounted to SEK 0 (0) million.

Oxelösunds Hamn

The port operations in Oxelösund are among the largest in Sweden. The port has excellent draught conditions and plays an important role in the Group's extensive imports of raw materials and exports of sheet and plate.

Oxelösunds Hamn is owned by SSAB Oxelösund (50%) and the municipality of Oxelösund (50%). There are 208 (206) employees.

Sales increased to SEK 195 (190) million. Profit after financial items increased to SEK 7 (5) million.

SSAB ANNUAL REPORT 2003 | 43

Consolidated balance sheet

SEK millions	2002	2003
ASSETS		
Fixed assets		
Intangible assets (Note 6)	42	32
Tangible assets (Note 7)	8,808	8,670
Financial assets (Note 8)	743	506
Deferred tax claims (Note 12)	75	69
Total fixed assets	9,668	9,277
Current assets (Note 3)		
Inventories, etc. (Note 9)	4,585	4,829
Accounts receivable	3,082	3,275
Prepaid expenses and accrued revenues (Note 10)	209	266
Other current receivables (Note 5)	516	431
Short-term investments	0	261
Cash and bank balances	416	272
Total current assets	8,808	9,334
Total assets	18,476	18,611
EQUITY AND LIABILITIES		
Equity		
<i>Restricted equity:</i>		
Share capital	2,522	2,522
Restricted reserves	3,164	3,103
<i>Unrestricted equity:</i>		
Unrestricted reserves	3,533	3,507
Net profit for the year	577	899
Total equity	9,796	10,031
Minority shares	162	151
Provisions		
Provisions for pensions	146	142
Deferred tax liabilities (Note 12)	1,811	1,872
Other provisions	21	34
Total provisions	1,978	2,048
Long-term interest-bearing liabilities (Note 13)	2,101	2,180
Current liabilities (Note 3)		
Interest-bearing liabilities to credit institutions	1,720	1,390
Accounts payable	1,415	1,283
Accrued expenses and deferred income (Note 14)	1,069	1,194
Other current liabilities (Note 5)	235	334
Total current liabilities	4,439	4,201
Total equity and liabilities	18,476	18,611
Pledged assets (Note 18)	96	52
Contingent liabilities (Note 19)	56	55

Changes in equity, consolidated

[illegible]

Consolidated cash flow statement

SEK millions	2002	2003
BUSINESS OPERATIONS		
Cash flow from operations		
Sales	19,271	19,806
Other operating revenues	246	250
Operating expenses (excluding depreciation)	– 17,357	– 17,407
Financial items (Note 20)	– 184	– 154
Tax (Note 20)	– 172	– 363
Other items	+ 28	+ 11
	+ 1,832	+ 2,143
SPP surplus funds		
Funds received	+ 143	+ 132
Working capital		
Inventories (+ decrease)	+ 211	– 236
Accounts receivable (+ decrease)	– 210	– 180
Accounts payable (+ increase)	– 125	– 140
Other current receivables (+ decrease)	+ 149	– 71
Other current liabilities (+ increase)	+ 48	+ 109
	+ 73	– 518
INVESTMENT OPERATIONS		
Investments in plants and facilities	– 902	– 1,041
Acquisition of new operations (Note 20)	– 4	– 12
Repaid equity in affiliated companies	+ 26	– 26
Sale of plants and facilities	+ 32	+ 46
Other long-term receivables (+ decrease)	+ 8	+ 41
	– 840	– 992
CASH FLOW	+1,208	+ 765
FINANCING OPERATIONS		
Dividend to shareholders	– 504	– 605
Changes in long-term loans (+ increase)	– 347	+ 78
Changes in short-term loans (+increase)	– 250	– 364
Tax liabilities (+ increase)	– 83	+ 187
Other financing (+ increase)	– 68	+ 56
	– 1,252	– 648
CHANGE IN LIQUID ASSETS	– 44	+ 117
LIQUID ASSETS (Note 23)		
Balance on January 1	+ 460	+ 416
Change in liquid assets	– 44	+ 117
Balance on December 31	+ 416	+ 533
Non-utilised bank credit	+ 2,144	+ 1,896
Disposable liquid assets	+ 2,560	+ 2,429

Parent Company's profit and loss account

[illegible]

Parent Company's balance sheet

SEK millions	2002	2003
ASSETS		
Fixed assets		
Tangible assets (Note 7)	1	1
Financial assets (Note 8)	2,937	3,127
Deferred tax claims (Note 12)	1	1
Total fixed assets	2,939	3,129
Current assets		
Receivables from subsidiaries	6,251	5,860
Prepaid expenses and accrued revenues (Note 10)	2	10
Other current receivables (Note 5)	151	128
Short-term investments	–	260
Cash and bank balances	242	151
Total current assets	6,646	6,409
Total assets	9,585	9,538
EQUITY AND LIABILITIES		
Equity		
<i>Restricted equity:</i>		
Share capital	2,522	2,522
Premium reserve	20	20
Statutory reserve	640	640
<i>Unrestricted equity:</i>		
Profit brought forward	903	1,048
Net profit for the year	751	804
Total equity	4,836	5,034
Untaxed reserves (Note 12)	204	178
Provisions		
Provisions for pensions	6	5
Total provisions	6	5
Long-term liabilities		
Liabilities to subsidiaries	51	1
Other long-term interest-bearing liabilities (Note 13)	1,951	2,066
Total long-term liabilities	2,002	2,067
Current liabilities		
Liabilities to subsidiaries	796	798
Liabilities to credit institutions	1,619	1,348
Accrued expenses and deferred income (Note 14)	68	70
Other current liabilities	54	38
Total current liabilities	2,537	2,254
Total equity and liabilities	9,585	9,538
Pledged assets (Note 18)	5	0
Contingent liabilities (Note 19)	134	129

The Parent Company's changes in equity

	Restricted equity			Unrestricted equity	
SEK millions	Share capital	Premium reserve	Statutory reserve	Profit carried forward	Profit for the year
Equity, December 31, 2001	2,522	20	640	673	843
Profit carried forward from previous year	–	–	–	842	– 843
Dividend (Note 11)	–	–	–	– 504	–
Group contributions	–	–	–	– 108	–
Profit for the year	–	–	–	–	751
Equity, December 31, 2002	2,522	20	640	903	751
Equity, December 31, 2002	2,522	20	640	903	751
Profit carried forward from previous year	–	–	–	750	– 751
Dividend (Note 11)	–	–	–	– 605	–
Profit for the year	–	–	–	–	804
Equity, 31 December 2003	2,522	20	640	1,048	804

Parent Company's cash flow statement

SEK millions	2002	2003
BUSINESS OPERATIONS		
Cash flow from operations		
Other operating revenues	+ 4	+ 1
Operating expenses (excluding depreciation)	- 64	- 69
Financial items (excl. div. from subsidiaries) (Note 20)	+ 151	+ 139
Tax (Note 20)	- 4	- 10
Other	- 1	- 46
	+ 86	+ 15
SPP surplus funds		
Funds received	+ 63	+ 76
Working capital		
Current receivables (+ decrease)	- 15	- 2
Current liabilities (+ increase)	- 5	- 15
Commercial intra-group transactions	+ 4	0
	- 16	- 17
INVESTMENT OPERATIONS		
Investments in plants and facilities	-	- 1
Sale of plants and facilities	+ 4	0
Investments in subsidiaries	+ 760	+ 96
Other long-term receivables (+ decrease)	0	0
	+ 764	+ 95
CASH FLOW	+ 897	+ 169
FINANCING OPERATIONS		
Dividend to shareholders	- 504	- 605
Dividends from subsidiaries	+ 612	+ 717
Group contributions	- 150	-
Changes in long-term loans (+ increase)	- 320	+ 115
Changes in short-term loans (+ increase)	- 262	- 271
Financial intra-group transactions	- 318	+ 26
Other financing (+ increase)	- 8	+ 18
	- 950	0
CHANGES IN LIQUID ASSETS	- 53	+ 169
LIQUID ASSETS (Note 23)		
Balance on January 1	+ 295	+ 242
Changes in liquid assets	- 53	+ 169
Balance on December 31	+ 242	+ 411
Non-utilised bank credit	+ 2,115	+ 1,820
Disposable liquid assets	+ 2,357	+ 2,231

ACCOUNTING AND VALUATION PRINCIPLES

The annual report has been prepared in accordance with the Swedish Annual Accounts Act and the recommendations and policy statements issued by the Swedish Financial Accounting Standards Council.

During the year, seven new recommendations from the Swedish Financial Accounting Standards Council were implemented. The new recommendations are RR2:02 Inventories, RR22 Presentation of Financial Statements, RR24 Investment Property, RR25 Segment Reporting, RR26 Events after the Balance Sheet Date, RR27 Financial Instruments, and RR28 Government Grants. The implementation of these recommendations has resulted in the provision of more information but has not, however, led to any adjustment of the accounting.

Consolidated accounts

The consolidated accounts include SSAB Svenskt Stål AB and the companies in which the Parent Company directly or indirectly owns shares representing more than 50% of the voting capital or otherwise exercises a controlling influence. Companies which are not subsidiaries but in which SSAB owns at least 20% of the voting capital or otherwise exercises a significant influence are reported as affiliated companies in accordance with the equity method.

The consolidated accounts are prepared in accordance with the acquisition method, entailing that the equity of a subsidiary at the time of acquisition – defined as the difference between the actual value of assets and liabilities – is eliminated in its entirety. Thus, the Group's equity includes only such portion of a subsidiary's equity as arises subsequent to the acquisition.

Goodwill and surplus value in fixed assets are depreciated in accordance with the principles set forth below under "Fixed Assets".

The Group's foreign subsidiaries have been classified as independent foreign operations. The profit and loss accounts of foreign subsidiaries are translated into Swedish kronor at the average exchange rate for the year, while their balance sheets are translated into Swedish kronor at the closing day rate. The translation differences that arise are transferred directly to the Group's equity.

Upon the sale of foreign subsidiaries, accumulated exchange rate differences that are attributable to the foreign company are reported as income/expenses in the consolidated profit and loss account. No reliable historical reporting of these exchange rate differences is available. They are, however, of minor significance. Accumulated exchange rate differences for the period before 1999 have thus not been taken into consideration.

Commencing 1999, Group goodwill with respect to the independent foreign operations is treated as an asset in the foreign operations and, therefore, is translated in accordance with the same principles as the foreign subsidiaries. However, since this type of goodwill is of minor significance, the historical figures prior to 1999 have not been translated.

Intra-Group profits in subsidiaries' inventories are eliminated in the consolidated accounts.

In the Consolidated Cash Flow Statement, purchase prices for acquired or sold operations are reported under the heading "Acquisitions/sales of operations/companies". The assets and liabilities held in the acquired/sold companies at the time of the acquisition/sale are, therefore, not included in the changes in working capital reported in the cash flow statement.

Receivables and liabilities in foreign currencies

Receivables and liabilities in foreign currencies are valued at closing day rates. In cases where exchange rates have been hedged through forward contracts, the forward rate is applied in the valuation.

Loans which were incurred in order to hedge net assets in foreign subsidiaries are reported by the Parent Company at acquisition cost. In the consolidated accounts, these loans are reported at closing day rates. Any exchange differences less deferred taxes are transferred directly to equity and thereby set off against the translation differences which arise in conjunction with the translation of these subsidiaries' balance sheets into Swedish kronor.

Fixed assets

Fixed assets are reported after deductions for

accumulated depreciation according to plan. Depreciation according to plan is based on the acquisition cost and estimated economic life (useful life) of the assets. Any borrowing costs are not included in the acquisition cost of the assets but, instead, are booked as expenses as they arise.

Tangible fixed assets are, for depreciation purposes, classified into groups on the basis of estimated economic life according to the following table.

Examples of items	Economic life, years
Vehicles, office equipment, and computers	3–10
Light machinery	7–15
Heavy machinery	
Relining of blast furnaces	12–15
Steel furnaces, rolling mills, and cranes	15–20
Blast furnaces and coke ovens	20–25
Buildings and land improvements	20–50

Intangible fixed assets are classified in the same manner in two groups where goodwill is estimated to have an economic life of 5 years and other intangible fixed assets, 3–5 years.

The linear depreciation method is used in respect of all types of assets. Where the book value of an asset exceeds the expected recovery value, the asset is written down to such latter value.

Restoration expenses in connection with the disposal of fixed assets are included in the acquisition value only if the criteria for making provision for such restoration expenses can be deemed to have been fulfilled.

Leased fixed assets

Expenses for fixed assets that are leased instead of owned are primarily reported as lease expenses (operational leasing). Where the leasing agreements contain terms and conditions pursuant to which the Group enjoys the economic advantages and incurs the economic risks that are associated with ownership of the property (financial leasing), they are reported in the consolidated balance sheet under 'Fixed Assets'. This does not apply, however, to the leasing of passenger cars and office machinery of a low value.

Inventories

Inventories are valued at the lower of cost or market. Raw materials and products in the

trading operations are valued at the lower of the acquisition or replacement value. However, raw materials are not written down below the acquisition value if the end product in which they are to be included is expected to be sold at a price that exceeds the acquisition value. Manufactured goods are valued at the lower of the manufacturing cost or the sales value after deduction of sales and administrative expenses. Necessary provisions are made for obsolescence.

Pensions

Within the Group there are both contribution-based and benefit-based pension plans. With respect to contribution-based plans, payments made are reported as a cost during the period when the employees performed the duties to which the fees relate. Employees in Sweden who are covered by collective bargaining agreements are covered by such a contribution-based plan.

White-collar employees in Sweden are covered by a collective benefit-based plan, the ITP (supplementary pensions for salaried employees) plan. The ITP plan has been financed through the purchase of pension insurance with the mutual insurance company, Alecta. Premiums paid to Alecta are reported as costs during the period to which they relate.

Provisions

Provisions are reported when the Group has or may be deemed to have an obligation as a result of an event that has occurred and where it is likely that payment will be necessary for fulfilment of the obligation. A further requirement is that it is possible to make a reliable estimation of the amount to be paid out.

Loan debts

Loan debts are initially reported at the amount received upon disbursement of the loan less transaction costs. Where this amount differs from the amount to be repaid upon maturity of the loan, the difference is allocated over the term of the loan. Loans taken up in foreign currency but where the payment flow on the loan has been swapped to Swedish kronor are reported inclusive of such swaps; consequently, the loan is reported as a loan in Swedish kronor.

Derivative instruments

Currency derivatives in the form of forward contracts and swaps are used in order to hedge exchange rates on sales orders and purchasing

orders and to hedge in Swedish kronor payment flows on foreign loans.

Currency forward contracts with respect to sales and purchases are booked when an invoice is issued or received through the forward rate being used in conjunction with booking of the claim or debt. Changes in value of forward contracts on orders where an invoice has not yet been issued or received are not reported.

In addition to currency forward contracts and swaps, derivatives are also used in order to hedge the price for purchases of electricity. Changes in value of these power derivative are not reported during the term of the contract but, rather, together with the physical purchase of the electricity and thereby become a part of the reported electricity costs.

Sales

Sales are reported upon delivery of the goods to the customer in accordance with the agreed delivery terms. Sales are reported after deduction of value-added taxes, rebates, returns, and freight.

Pricing between group companies

The prices of goods and services delivered between companies in the Group are set at comparable market levels. Deliveries of slabs from SSAB Oxelösund to SSAB Tunnsplåt, however, are set at the cost price.

Government grants

Government grants are allocated over the same period as the costs for which the support is intended to compensate. Grants provided as compensation for costs is reported in the profit and loss account as a cost reduction. Grants related to assets are reported in the balance sheet through a reduction in the reported value of the assets.

Research and development costs

Research and development costs are booked as they are incurred. Development costs may be capitalised under certain strict circumstances. However this requires, among other things, that future economic benefits can be demonstrated at the time the costs are incurred. At present there are no such projects and thus development expenditures are also booked as costs.

Cash flow statements

The cash flow statements are prepared in accordance with the indirect method. Liquid assets in the cash flow statements consist of cash and bank balances as well as short-term investments with such terms until maturity and conditions that they can easily be converted into cash and bank balances.

Appropriations and deferred taxes

Tax legislation in Sweden and in certain other countries permits consolidation by allocation to untaxed reserves. In this way, individual companies are able, to some extent, to dispose of reported profits without being subject to immediate taxation.

In the Parent Company, changes in untaxed reserves that have been made during the year are reported in the Profit and Loss Account. The cumulative value of such allocations is reported in the Parent Company's Balance Sheet under the item 'Untaxed Reserves'.

In the consolidated accounts, however, appropriations and untaxed reserves are not reported. Instead, these are broken down into equity and deferred taxes, applying the tax rate relevant in each country. The changes for the year in the calculated deferred tax in the appropriations are reported in the Consolidated Profit and Loss Account as deferred tax expenses.

The deferred taxes on other temporary differences between the booked value of assets/liabilities and their respective taxable values are reported as deferred tax liabilities or deferred tax claims.

However, a deferred tax claim is only reported as an asset to the extent that there exist factors that convincingly indicate that sufficient taxable surpluses will be available.

Parent Company group contributions

Group contributions and the tax consequences thereof are reported directly against equity and thus do not affect the result.

1 SALES AND OTHER OPERATING REVENUES

Sales per product area SEK millions	Group	
	2002	2003
Hot-rolled sheet	4,263	4,757
Cold-rolled and metal-coated sheet	3,222	3,403
Organic-coated and profiled sheet	2,877	2,771
Plate	3,606	3,835
Trading operations	3,596	3,455
Vehicle components	835	810
By-products	442	566
Slabs	393	206
Other	37	3
Total	19,271	19,806

Sales broken down per operating area and geographic market are set forth in the Group review on pages 21 and 17 as well as Note 21.

Other operating revenues SEK millions	Group		Parent Company	
	2002	2003	2002	2003
Sales of purchased energy and media	95	139	–	–
Other	151	111	4	1
Total	246	250	4	1

2 OPERATING EXPENSES

Type of cost SEK millions	Group		Parent Company	
	2002	2003	2002	2003
Raw materials	5,535	5,389	–	–
Purchased products in the steel operations	365	349	–	–
Purchased products in the processing and trading operations	3,505	3,329	–	–
Energy	1,029	1,094	–	–
Personnel	3,901	4,084	35	37
Services	1,613	1,746	8	11
Depreciation	1,111	1,071	0	0
Other	1,409	1,416	21	21
Total	18,468	18,478	64	69

'Services' includes fees and compensation to accounting firms in the following amounts:

Auditing fees				
PricewaterhouseCoopers	3	4	1	1
KPMG	1	0	–	–
Others	1	1	–	–
Total auditing fees	5	5	1	1

Other compensation to accounting firms				
PricewaterhouseCoopers	2	3	0	0
KPMG	1	1	–	–
Others	1	1	–	–
Total other compensation	4	5	0	0

Continuation of note 2 on next page.

2 OPERATING EXPENSES, CONTINUATION

Operating expenses have been reduced by the following government grants:

SEK millions	Group		Parent Company	
	2002	2003	2002	2003
Freight support	11	14	–	–
Investment subsidies	8	6		
Other	3	4	–	–
Total	22	24	–	–

Wages, other compensation, and social security expenses SEK millions	Directors, Presidents, and Executive Vice Presidents		Other employees	
	2002	2003	2002	2003
Parent Company ¹⁾	7	9	11	13
Subsidiaries in Sweden	18	19	2,356	2,425
Subsidiaries outside Sweden:				
Canada	1	1	9	13
Denmark	4	4	72	69
Finland	3	2	33	35
France	1	1	7	7
Germany	0	0	23	22
Italy	1	2	15	15
Netherlands	1	1	8	8
Norway	2	2	16	16
Poland	4	4	9	9
South Africa	0	0	5	8
UK	3	1	28	23
USA	3	4	61	59
Other countries	4	3	19	20
Total wages and salaries ²⁾	52	53	2,672	2,742
Social security expenses	33	18	1,144	1,230
(of which, pension expenses)	(19)	(12)	(169)	(213)
Profit-sharing scheme	0	0	0	41
Total	85	71	3,816	4,013

¹⁾ Relates only to personnel employed and active within the Parent Company. Personnel in certain major subsidiaries are formally employed in the Parent Company but are listed in terms of number (Note 16) and expense in the respective subsidiaries.

²⁾ Total wages and salaries include profit-based salaries to Presidents and Executive Vice Presidents in the amount of SEK 3 (1) million, of which SEK 3 (1) million are included in the Parent Company.

Terms of employment for Senior Group Management

Board of Directors

Fee to the Chairman of the Board of Directors amounted to SEK 450,000 (400,000) and to the other members of

the Board appointed by the General Meeting (excluding CEO) to SEK 225,000 (200,000) each.

Salaries and compensation for the Chief Executive Officer and other Group Management

Within the Board of Directors there is a compensation committee which determines salary and employment terms and conditions for the Chief Executive Officer and establishes the scope of the salary and employment terms and conditions of other members of Group Management. The committee includes Sverker Martin-Löf (chairman), Anders G. Carlberg, and Anders Ullberg. Anders Ullberg does not participate in the determination of salary and employment terms and conditions of the Chief Executive Officer.

Compensation to the Chief Executive Officer and other members of Group Management consists of a fixed and a variable salary element. The variable salary is related to the Group's return on equity and may amount to not more than 45% of the fixed salary. There is no share-related compensation. However, members of Group Management have undertaken to, in the market, acquire options in respect of SSAB shares for a portion of the variable salary.

Continuation of note 2 on next page.

2 OPERATING EXPENSES, CONTINUATION

Salaries and compensation for the Chief Executive Officer and other Group Management, continuation

President and Chief Executive Officer

Total compensation amounted to SEK 5.6 (4.4) million, of which SEK 1.6 (0.6) million consisted of the variable salary, which will be paid during 2004 (2003).

The earliest retirement age is 60. Pension between the ages of 60 and 65 is determined as a benefit and amounts to 65% of the fixed salary. Thereafter, the pension is based on contributions and, at present, is estimated to amount to approx. 30% of the fixed salary. The commitment is covered by insurance. The cost for pension premiums amounted to 62% of the fixed salary. The entire pension commitment is inviolable. However, the above-stated benefit levels are conditional on the Chief Executive Officer continuing to serve until the age of 60.

There is a 12-month period of notice in the event of dismissal by the company. In addition, severance payment equivalent to 12 months' salary is payable. Termination by the Chief Executive Officer is subject to six months' notice and, in such situation, there is no entitlement to severance payment.

Other Group Management

Group Management is presented on page 73.

Total compensation and benefits to Group Management, excluding the Chief Executive Officer, amounted to SEK 9.9 (7.3) million, of which SEK 2.7 (1.0) million consisted of the variable salary, which will be paid during 2004 (2003).

Retirement ages vary between 60 and 65 years. Pensions are based on benefits and the commitments are covered by insurance. Pension premium costs amounted to 43% of the total fixed salary.

There is a 12-month period of notice in the event of dismissal by the company. In addition, severance payment equivalent to 12 months' salary is payable. Termination by the employee is subject to six months' notice and, in such situation, there is no entitlement to severance payment.

3 AFFILIATED COMPANIES

Share in earnings and share of equity SEK millions	Share in earnings		Share of equity	
	2002	2003	2002	2003
Cogent Power Ltd	- 57	- 79	292	197
Lulekraft AB	0	0	10	10
Norsk Stål A/S	9	- 2	91	71
Norsk Stål Tynnplater A/S	- 3	- 3	21	16
Oxelösunds Hamn AB	3	3	45	46
Total	- 48	- 81	459	340

Receivables from affiliated companies SEK millions	Group		Parent Company	
	2002	2003	2002	2003
Are included in:				
Financial assets	71	32	-	-
Accounts receivable	154	111	-	-
Accrued revenues	17	31	-	-
Total	242	174	-	-

Liabilities to affiliated companies SEK millions	Group		Parent Company	
	2002	2003	2002	2003
Are included in:				
Accounts payable	42	32	-	-
Total	42	32	-	-

The following transactions with affiliated companies occurred during the year.

Cogent Power purchased steel from SSAB Tunnpå for SEK 340 (266) million. Lulekraft purchased gas from SSAB Tunnpå for SEK 253 (204) million and sold power to SSAB Tunnpå for SEK 175 (134) million. Norsk Stål and Norsk Stål Tynnplater purchased steel from the steel operations for SEK 173 (187) million. Oxelösunds Hamn sold port services to SSAB Oxelösund for SEK 188 (174) million and purchased other services for SEK 11 (10) million. The transactions took place at market prices.

4 FINANCIAL ITEMS

SEK millions	Group		Parent Company	
	2002	2003	2002	2003
Financial income				
Dividends from subsidiaries	–	–	612	717
Dividends from affiliated companies	–	–	12	6
Capital gains on sale of subsidiaries	–	–	–	45
Profit from other securities and claims which constitute fixed assets				
Dividends	2	2	0	–
Interest income from subsidiaries	–	–	32	18
Other interest income	18	12	13	9
Capital gains on sales	0	1	–	–
Exchange rate differences	0	1	–	–
Other interest income and similar income				
Interest income from subsidiaries	–	–	241	222
Other interest income	25	43	5	24
Capital gains on sales	0	0	–	–
Recovered written-down investments	0	0	0	–
Exchange rate differences	6	8	70	23
Total financial income	51	67	985	1,064
Financial expenses				
Interest expenses to subsidiaries	–	–	20	15
Other interest expenses	225	211	202	193
Estimated financial expenses on pension liabilities	5	5	0	0
Other	5	5	0	0
Total financial expenses	235	221	222	208
Financial items	– 184	– 154	763	856

5 TAXES

Tax expenses	Group		Parent Company	
SEK millions	2002	2003	2002	2003
Swedish corporate income taxes	128	335	45	10
Foreign corporate income taxes	44	28	–	–
Total current tax expenses	172	363	45	10
Deferred taxes	73	51	0	0
Share in taxes of affiliated companies	– 14	22	–	–
Reported tax expenses	231	436	45	10

Continuation of note 5 on next page.

5 TAXES, CONTINUATION

Reconciliation of tax rates	Group		Parent Company	
%	2002	2003	2002	2003
Applicable tax rate in Sweden	28	28	28	28
Tax effect of:				
non-deductible expenses	2	1	0	0
non-taxable income	- 1	- 1	- 22	- 27
other tax rates applicable to foreign subsidiaries and affiliated companies	0	0	-	-
taxes relating to an earlier period	- 1	2	0	0
losses carried forward which it is believed cannot be utilised	0	2	-	-
previous non-booked tax claims for losses carried forward	0	0	-	-
Effective tax rate	28	32	6	1

The Parent Company's non-taxable income consists primarily of dividends from subsidiaries.

Current tax receivables	Group		Parent Company	
SEK millions	2002	2003	2002	2003
Are included in:				
Other current receivables	107	14	20	2

Current tax liabilities	Group		Parent Company	
SEK millions	2002	2003	2002	2003
Are included in:				
Other current liabilities	35	131	-	-

6 INTANGIBLE ASSETS

Group	Patents, licences, and similar rights	Tenancy rights and similar rights	Goodwill	Total intangible assets
SEK millions				
Acquisition value, January 1	85	3	165	253
Acquisitions	1	0	3	4
Increase through acquisition of companies	-	-	3	3
Sales and disposals	- 12	0	- 9	- 21
Reclassifications	- 2	0	1	- 1
Translation differences	0	0	- 3	- 3
Acquisition value, December 31	72	3	160	235
Accumulated depreciation, January 1	62	3	146	211
Sales and disposals	- 12	0	- 9	- 21
Reclassifications	- 2	0	1	- 1
Depreciation for the year	8	0	9	17
Translation differences	0	0	- 3	- 3
Accumulated depreciation, December 31	56	3	144	203
Residual value according to plan	16	0	16	32

Depreciation of goodwill for the year is included in the Profit and Loss Account in the amount of SEK 2 (3) million in costs of goods sold, SEK 5 (3) million in selling expenses, and SEK 2 (3) million in other operating expenses.

7 TANGIBLE ASSETS

Group SEK millions	Buildings and land	Machinery	Fixtures, fittings, tools, and equipment	Assets under construction and advances to suppliers	Total tangible assets
Acquisition value, Jan. 1	3,117	15,564	738	516	19,935
Acquisitions	65	1,104	39	– 171	1,037
Increase through acquisition of companies	0	9	0	–	9
Sales and disposals	– 21	– 86	– 40	0	– 147
Reclassifications	22	– 54	51	– 43	– 24
Translation differences	– 39	– 74	– 5	– 6	– 124
Acquisition value, Dec. 31	3,144	16,463	783	296	20,686
Accumulated depreciation, Jan. 1	1,470	9,163	527	–	11,160
Accumulated depreciation through acquisition of companies	0	7	0	–	7
Sales and disposals	– 7	– 70	– 28	–	– 105
Reclassifications	0	– 29	5	–	– 24
Depreciation for the year	109	876	69	–	1,054
Translation differences	– 11	– 32	– 3	–	– 46
Accumulated depreciation, Dec. 31	1,561	9,915	570	–	12,046
Accumulated revaluations, Jan.1	33	0	–	–	33
Revaluations for the year	0	–	–	–	0
Translation differences	– 3	–	–	–	– 3
Closing accumulated revaluation	30	0	–	–	30
Residual value according to plan	1,613	6,548	213	296	8,670

The item 'machinery' includes financial leasing agreements amounting to SEK 93 (93) million in acquisition value and SEK 76 (83) million in residual value according to plan.

The tax assessment value of real property in Sweden amounts to SEK 2,679 (2,698) million, while the corresponding property's residual value according to plan amounts to SEK 1,309 (1,322) million.

Parent Company SEK millions	Buildings and land	Fixtures, fittings, tools, and equipment	Total tangible assets
Acquisition value, January 1	–	4	4
Acquisitions	0	1	1
Sales and disposals	–	– 1	– 1
Acquisition value, December 31	0	4	4
Accumulated depreciation, January 1	–	3	3
Sales and disposal	–	0	0
Depreciation for the year	0	0	0
Accumulated depreciation, December 31	0	3	3
Residual value according to plan	0	1	1

The tax assessment value of real property in Sweden amounts to SEK 3 (–) million, while the residual value according to plan of corresponding property amounts to SEK 0 (–) million.

8 FINANCIAL ASSETS

Group SEK millions	Equity shares in affiliated companies	Other shares and participations	Long-term receivables, aff. comp.	Other long-term receivables	Total financial assets
Acquisition value, January 1	236	6	71	207	520
Investments	26	0	–	1	27
Sales/amortisations	–	0	– 35	– 79	– 114
Reclassifications		0	– 4	– 1	– 5
Equity shares, January 1*)	223	–	–	–	223
Shares in profits after tax	– 102	–	–	–	– 102
Dividends	– 5	–	–	–	– 5
Translation differences	– 38	–	–	–	– 38
Residual value according to plan	340	6	32	128	506

*) Relates to equity shares arising after acquisitions.
Other long-term receivables consist primarily of receivables from SPP.

Parent Company SEK millions	Shares in sub- sidiaries	Shares in affiliated com- panies	Other shares and participa- tions	Receivables from sub- sidiaries	Other long- term receivables	Total financial assets
Acquisition value, January 1	2,426	51	3	269	188	2,937
Investments	–	–	–	317	–	317
Sales/amortisations	– 51	–	0	0	– 76	– 127
Acquisition value, December 31	2,375	51	3	586	112	3,127
Residual value according to plan	2,375	51	3	586	112	3,127

During the year, the Parent Company sold the subsidiary, Dickson PSC, to SSAB Tunnplåt.
Other long-term receivables consist of claims against SPP.

Shares and participations	Company reg. number	Registered office	Holdings, number	% ²⁾	Book value, SEK millions
Parent Company's shares and participations in subsidiaries					
<i>Swedish operating subsidiaries:</i>					
Plannja AB	556121-1417	Luleå	80,000	100	16
SSAB HardTech AB	556387-7330	Luleå	1,000	100	122
SSAB Oxelösund AB	556313-7933	Oxelösund	1,000	100	450
SSAB Tunnplåt AB	556313-7941	Borlänge	1,000	100	1,500
Tibnor AB	556004-4447	Stockholm	850,000	85	283
<i>Foreign operating subsidiaries ¹⁾</i>					3
Dormant subsidiaries					1
Total					2,375

¹⁾ A complete specification of other shares and participations is available from SSAB's Group Headquarters in Stockholm.

²⁾ The percentage figures indicate the equity share which, in all cases, corresponds to the portion of the voting capital.

Continuation of note 8 on next page.

8 FINANCIAL ASSETS, CONTINUATION

	Registered office	Holdings, number	% ²⁾	Book value, SEK millions
Shares and participations				
Parent Company's shares in affiliated companies				
Lulekraft AB	Luleå	100,000	50	10
Norsk Stål A/S	Norway	31,750	50	29
Norsk Stål Tynnplater A/S	Norway	13,250	50	12
Total Parent Company's shares in affiliated companies				51
Subsidiaries' shares and participations in affiliated companies				
Cogent Power Ltd	Great Britain	50,166,800	25	197
Oxelösunds Hamn AB	Oxelösund	50,000	50	46
Total				243
Equity shares in affiliated companies' equity in excess of the book value in the Parent Company				46
Total of Group participations in affiliated companies				340
Parent Company's other shares and participations				
Tenant-owned apartments				3
Total				3
Subsidiary's other shares and participations ¹⁾				3
Total of Group's other shares and participations				6

¹⁾ A complete specification of other shares and participations is available from SSAB's Group Headquarters in Stockholm.

²⁾ The percentage figures indicate the equity share which, in all cases, corresponds to the portion of the voting capital.

9 INVENTORIES, ETC.

SEK millions	Group		Parent Company	
	2002	2003	2002	2003
Raw materials, consumables, and semi-finished goods	1,932	2,008	–	–
Work in progress	142	141	–	–
Stocks of finished goods	2,510	2,679	–	–
Work in progress on behalf of third parties	0	0	–	–
Advances to suppliers	1	1	–	–
Total	4,585	4,829	–	–

10 PRE-PAID EXPENSES AND ACCRUED REVENUES

SEK millions	Group		Parent Company	
	2002	2003	2002	2003
Delivered, non-invoiced goods and services	39	79	–	–
Pre-paid rents	19	23	1	1
Bonuses, discounts, licences, and suchlike	22	21	–	–
Accrued interest revenues	2	9	0	8
Unsettled insurance indemnification, etc.	127	134	1	1
Total	209	266	2	10

11 EQUITY

The Group's restricted equity includes an equity method reserve in the amount of SEK 86 (222) million. The equity method reserve consists of profits that have accumulated in affiliated companies after acquisition and which have not yet been distributed.

Revaluation reserve for real property amounts to SEK 23 (25) million and is included in restricted equity.

The accumulated translation differences amount to SEK –56 (2) million. The translation differences for the year are shown in the table below.

SEK millions	Group	
	2002	2003
Translation of foreign operations	– 78	– 88
Futures contract for equity hedge	24	30
Discontinued operations	–	0
Total translation difference for the year	– 54	– 58

There are 100.9 million shares registered in the parent company, each with a nominal value of SEK 25. Additional information regarding the shares and share capital is found under the section, The SSAB Share, on pages 14–15.

The proposed but not yet decided upon dividend for 2003 amounts to SEK 605 million (SEK 6.00 per share). This amount has not been reported as a liability.

12 DEFERRED TAX LIABILITIES AND TAX CLAIMS/UNTAXED RESERVES

Deferred tax liabilities and tax claims				
SEK millions	Group		Parent Company	
	2002	2003	2002	2003
Deferred tax liabilities have arisen				
through accelerated depreciation of fixed assets	1,391	1,428	–	–
through tax allocation reserves	390	424	–	–
through other temporary differences	30	20	–	–
Total deferred tax liabilities	1,811	1,872	–	–
Deferred tax claims have arisen				
through non-utilised losses carried forward	39	33	–	–
through pension provisions	32	35	1	1
through other temporary differences	4	1	–	–
Total deferred tax claims	75	69	1	1

Untaxed reserves			
SEK millions			Parent Company
			2002 2003
Tax allocation reserve			204 178

Untaxed reserves are divided in the Group between equity and deferred taxes. A corresponding division is not made in the Parent Company. The deferred tax on the Parent Company's untaxed reserves amounts to SEK 50 (57) million.

13 LONG-TERM INTEREST-BEARING LIABILITIES

SEK millions	Group		Parent Company	
	2002	2003	2002	2003
Structure loans	80	43	80	43
Foreign loans	181	114	150	113
Bonds	285	422	285	422
MTN programme	1,850	1,850	1,850	1,850
Financial leasing agreements	82	76	–	–
Other	49	43	–	–
Total	2,527	2,548	2,365	2,428
Less amortisation, 2003 and 2004 *)	– 426	– 368	– 414	– 362
Total	2,101	2,180	1,951	2,066

*) Included in 'Current liabilities' in the balance sheet item 'Interest-bearing liabilities to credit institutions'.

Repayment of long-term interest-bearing liabilities

SEK millions	2004	2005	2006	2007	2008	Later
Group	368	401	634	284	557	304
Parent Company	362	394	627	245	550	250

Amounts falling due for interest rate renegotiation

SEK millions	2004	2005	2006	2007	2008	Later
Group	1,044	316	526	106	406	150
Parent Company	1,030	310	488	100	400	100

14 ACCRUED EXPENSES AND DEFERRED REVENUES

SEK millions	Group		Parent Company	
	2002	2003	2002	2003
Accrued personnel expenses	688	754	7	8
Non-invoiced goods and services received	206	267	–	–
Accrued interest expenses	60	61	59	60
Accrued discounts, bonuses, and complaints	21	20	–	–
Energy taxes	14	14	–	–
Other items	80	78	2	2
Total	1,069	1,194	68	70

15 NET DEBT

SEK millions	Group		Parent Company	
	2002	2003	2002	2003
Cash and bank balances	416	272	242	151
Short-term investments	–	261	–	260
Receivables from subsidiaries	–	–	6,518	6,444
Other receivables	447	227	285	201
Interest-bearing assets	863	760	7,045	7,056
Current liabilities to credit institutions	1,720	1,390	1,619	1,348
Long-term liabilities	2,101	2,180	1,951	2,066
Provisions for pensions	146	142	6	5
Liabilities to subsidiaries	–	–	846	798
Other liabilities	16	80	0	0
Interest-bearing liabilities	3,983	3,792	4,422	4,217
Net debt	3,120	3,032	– 2,623	– 2,839

16 AVERAGE NUMBER OF EMPLOYEES, PROPORTION OF WOMEN, AND SICK LEAVE

	No. of employees		Women, %	
	2002	2003	2002	2003
Parent Company				
Sweden	21	19	29	30
Total Parent Company	21	19	29	30
Subsidiaries				
Sweden	8,481	8,444	16	15
Canada	30	40	17	13
Denmark	186	162	20	22
Finland	127	127	25	25
Germany	37	37	30	26
Great Britain	78	59	28	31
Italy	53	55	26	23
Norway	37	36	19	20
Poland	78	90	18	20
South Africa	46	48	24	23
USA	150	166	26	29
Other countries < 20 employees	80	91	28	27
Total, subsidiaries	9,383	9,355	17	16
Total, Group	9,404	9,374	17	16

The figures are based on a normal number of working hours per year in different production areas, with allowance for different forms of shift work. The breakdown by gender relates to the number of employees on December 31.

Women accounted for 2% of the members of all Boards of Directors in the Group; the figure was 9% for the Board of Directors of the parent company. 9% of the members of management groups (including Presidents) in the Group were women, while the Group Management consists of five men.

Absences due to sick leave in the parent company amounted to 6%. Of this figure, 92% of absences due to sick leave extended for more than 60 calendar days. (Sick leave statistics cover the full year of 2003).

17 LEASING

Operational leasing SEK millions	Group		Parent Company	
	2002	2003	2002	2003
Minimum leasing charges during the year	56	51	–	1

The agreed minimum leasing charges amount to SEK 47 million for 2004; a total of SEK 133 million for 2005–2008; and to SEK 19 million for the years after 2008. Operational leasing includes lease agreements for property, premises, and rolling stock for transportation in the steel operations.

Financial leasing SEK millions	Group		Parent Company	
	2002	2003	2002	2003
Minimum leasing charges for the year	12	12	–	–

Agreed minimum leasing charges amount to SEK 12 million for 2004; a total of SEK 47 million for 2005–2008; and to SEK 8 million for the years after 2008. Financial leasing includes a switchgear plant and rolling stock for transportation in the steel operations.

18 PLEDGED ASSETS

SEK millions	Group		Parent Company	
	2002	2003	2002	2003
For own long-term liabilities				
Real property mortgages	46	9	–	–
Floating charges	15	13	–	–
Total for own long-term liabilities	61	22	–	–
Other pledged assets				
Real property mortgages	30	30	–	–
Pledged securities	5	0	5	0
Total other pledged assets	35	30	5	0
Total pledged assets	96	52	5	0

19 CONTINGENT LIABILITIES

SEK millions	Group		Parent Company	
	2002	2003	2002	2003
Guarantees	14	14	0	0
Guarantees for subsidiaries' obligations	–	–	121	117
Other contingent liabilities	42	41	13	12
Total contingent liabilities	56	55	134	129

SSAB Tunnplåt is involved in a dispute with an insurance company concerning a blast furnace breakdown in 1997. SSAB Tunnplåt has sued the insurance company for SEK 165 million in addition to the amount of SEK 110 million that has already been paid out. The insurance company's counterclaim is for repayment of the paid-out amount. The anticipated outcome of the dispute has been taken into consideration in the results.

The Group is otherwise involved in a very limited number of legal disputes concerning warranties and complaints. The anticipated outcome of these cases has been taken into consideration in the results.

20 CASH FLOW STATEMENT

Financial items

The cash flow statement includes financial items in accordance with the profit and loss account, and consequently the difference between booked interest and paid interest is represented in changes in Working Capital. The interest payments made are as follows:

Paid interest SEK millions	Group		Parent Company	
	2002	2003	2002	2003
Interest received during the period	31	47	279	265
Interest paid during the period	- 238	- 215	- 231	- 231

SEK millions	Group		Parent Company	
	2002	2003	2002	2003
Taxes				
Tax according to the profit and loss account	- 231	- 436	- 45	- 10
Less deferred tax and tax in affiliated companies	59	73	0	0
Tax on group contributions	-	-	41	-
Tax according to cash flow statement, ongoing operations	- 172	- 363	- 4	- 10

Exchange rate differences regarding liquid assets

Exchange rate differences regarding foreign subsidiaries' liquid assets are included in the item 'Other Financing' in the amount of

- 3	- 2	-	-
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A small company was acquired during the year. The value of assets and liabilities acquired amounts to:

Acquisition of operations SEK millions	Acquisitions	
	2002	2003
Fixed assets	- 7	- 5
Inventories	- 1	- 8
Accounts receivable	- 2	- 13
Liquid assets	- 1	0
Provisions	1	0
Financial liabilities	3	0
Accounts payable	1	9
Other liabilities	1	5
Liquid assets in acquired companies	+ 1	0
Effect on the Group's liquid assets	- 4	- 12

21 BUSINESS AREAS

Business segments

The Group is organised into five separate sub-groups, SSAB Tunnplåt, SSAB Oxelösund, Plannja, SSAB HardTech and Tibnor. In addition, there are a number of joint foreign sales companies that are directly owned by the parent company. The subsidiaries constitute the primary basis for segment reporting and, since they are separate legal entities, the presentations below are based on their complete financial reports. A detailed description of the subsidiaries and their operations can be found on pages 28–42.

SEK millions	Total sales		Of which internal sales		Operating profit ³⁾		Profit after financial items ³⁾		Return on capital employed, %	
	2002	2003	2002	2003	2002	2003	2002	2003	2002	2003
Sales and results per subsidiary										
<i>Subsidiaries:</i>										
SSAB Tunnplåt	10,161	10,583	1,808	1,852	353	842	214	722	6	13
SSAB Oxelösund	5,225	5,468	2,168	2,155	325	392	209	312	7	9
Plannja	1,195	1,148	3	3	97	60	86	50	26	17
SSAB HardTech	835	810	–	–	181	142	156	126	21	18
Tibnor	5,424	5,334	30	31	87	94	75	91	7	8
Other subsidiaries	547	606	14	12	5	17	46	17	–	–
<i>Parent Company:</i>										
Parent Company ¹⁾	0	0	–	–	– 60	– 68	79	20	–	–
Affiliated Companies ²⁾	–	–	–	–	6	– 5	6	– 5	–	–
Group adjustment	– 4,116	– 4,143	– 4,023	– 4,053	6	23	– 55	10	–	–
Total	19,271	19,806	–	–	1,000	1,497	816	1,343	8	12

¹⁾ Excluding dividends from subsidiaries and affiliated companies and, for 2003, also excluding capital gains on the internal sale of Dickson. Profit in the parent company consists of primarily administration costs and a positive figure for financial items.

²⁾ Relates to the interests owned by the parent company in the affiliated companies, Lulekraft, Norsk Stål and Norsk Stål Tynnplater.

³⁾ Operating profit and profit after financial items includes shares in the results of affiliated companies in the amount of SEK – 79 (– 57) million for SSAB Tunnplåt and SEK 3(3) million for SSAB Oxelösund.

SEK millions	Assets		Liabilities		Depreciation		Capital expenditures		Cash flow	
	2002	2003	2002	2003	2002	2003	2002	2003	2002	2003
Balance sheet and cash flow information per subsidiary										
<i>Subsidiaries:</i>										
SSAB Tunnplåt	9,139	9,355	5,588	5,608	553	514	510	623	+ 213	+ 182
SSAB Oxelösund	5,774	5,850	3,666	3,800	359	366	172	271	+ 534	+ 135
Plannja	534	514	295	305	34	33	30	27	+ 92	+ 58
SSAB HardTech	1,059	997	715	672	69	67	103	71	+ 75	+ 61
Tibnor	2,243	2,073	1,164	1,067	90	86	82	43	+ 115	+ 138
Other subsidiaries	210	231	175	200	5	4	5	5	+ 42	+ 22
<i>Parent Company:</i>										
Parent Company	9,585	9,539	4,748	4,504	0	0	0	1	+ 137	+ 169
Group adjustment	– 10,068	– 9,948	– 7,671	– 7,576	1	1	–	–	–	–
Total	18,476	18,611	8,680	8,580	1,111	1,071	902	1,041	+ 1,208	+ 765

Continuation of note 21 on next page.

21 BUSINESS AREAS, CONTINUATION

Geographical segments

The Group's export sales are focused primarily on Europe. However, as a consequence of the development of the Group's niche products, sales on more distant markets are increasing. Only a small portion of the Group's steel products are manufactured outside Sweden and thus investments abroad are limited.

The table below shows the breakdown of the Group's sales per region, irrespective of where the products are manufactured.

SEK millions	2002	%	2003	%
Sweden	6,771	35	7,132	36
Germany	1,701	9	1,748	9
Denmark	1,554	8	1,464	7
Italy	1,098	6	1,317	7
Finland	1,196	6	1,231	6
Great Britain	1,373	7	1,004	5
Benelux countries	699	4	850	4
Other EU countries	1,181	6	1,315	7
Norway	728	4	648	3
Other European countries	1,121	6	1,211	6
North America	923	5	831	4
Asia	435	2	759	4
Other markets	491	2	296	2
Total	19,271	100	19,806	100

The table below shows the reported value of assets and capital expenditures broken down by geographical segments according to the location of the assets.

SEK millions	Assets				Capital expenditures			
	2002	%	2003	%	2002	%	2003	%
Sweden	16,134	88	16,369	88	815	90	971	93
EU-15 (excl. Sweden)	1,475	8	1,394	8	41	5	20	2
Other European countries	177	1	171	1	5	1	2	0
North America	620	3	605	3	40	4	44	5
Asia	50	0	59	0	0	0	0	0
Rest of the World	20	0	13	0	1	0	4	0
Total	18,476	100	18,611	100	902	100	1,041	100

22 VALUATION OF FINANCIAL INSTRUMENTS

Fair value of financial assets and liabilities

Receivables and liabilities are reported primarily at the historical acquisition value and items in foreign currency are translated at the closing day rate. Where hedging has taken place through currency forward contracts, the forward rate is used instead in the reporting. However, assessments are made to ensure that the fair value of the assets is not less than the acquisition value; where such is the case, write-downs may be necessary. Loans are reported at the acquisition value.

The table below shows the reported value and fair value per type of financial asset and liability.

SEK millions	Reported value	Fair value
Financial assets		
SPP's surplus funds	201	201
Power derivatives	0	32
Accounts receivable	3,275	3,262*)
Currency forward contracts, sell	0	42
Financial liabilities		
Commercial paper and other short-term loans	- 1,022	- 1,022
MTN programme	- 1,850	- 1,870
Bonds, foreign loans, structure loans	- 579	- 582
Other financial liabilities	- 119	- 119
Accounts payable	- 1,283	- 1,245*)
Currency forward contracts, buy	0	- 56

*) Valued at the exchange rate at year-end.

Cash and bank balances (SEK 272 million), short-term investments (SEK 261 million) and other financial assets (SEK 54 million), bear market interest rates and thus have the same value as the book value; accordingly, they are not shown in the table above.

SPP's surplus funds have been booked at calculated present value, and this amount is also deemed to constitute the fair value.

Power derivatives are purchased on the Norwegian power exchange, Nord Pool. At year-end, power derivatives hedged almost 90% of requirements for electricity purchased in 2004 and just over 20% of the requirements for 2005. The fair value of the derivatives has been estimated as the current market value on the power exchange.

Commercial paper and other short-term loans, the MTN programme and bonds have been valued based on interest rates applicable at year-end for the outstanding term until maturity.

Other financial liabilities consist of financial leasing debts (SEK 76 million) and various small loans where the reported value is deemed to correspond to the fair value.

According to current accounting rules, accounts receivable and accounts payable have been valued in the accounts inclusive of currency forward contracts, while forward contracts on orders which have not yet resulted in the delivery of goods are not valued at all in the accounts. In the presentation above, the value excluding the effect of forward contracts has been stated as the fair value of accounts receivable and accounts payable. All outstanding forward contracts have thereafter been valued separately and are also reported separately in the presentation.

At the end of the year, the Group's total currency forward contracts amounted to SEK 1.4 (1.5) billion, with an average outstanding term of 3.2 months. At the end of the accounting period, the forward contracts had a market value of SEK - 14 million, broken down in accordance with the table below:

SEK millions	Capital value	Market value
Sell, EUR	2,306	- 15
Sell, USD	725	51
Sell, other	935	6
Sell, total	3,966	42
Buy, EUR	- 1,010	6
Buy, USD	- 1,063	- 59
Buy, other	- 497	- 5
Buy, total	- 2,570	- 56
Net	1,397	- 14

Since accounts receivable and accounts payable in foreign currency are being booked at the forward contract rate, changes in exchange rates will only to a small extent be reported in the accounts as exchange rate differences. During 2003, net exchange rate differences have been booked in the amount of SEK + 16 million in operating profits and SEK + 8 million in financial items.

Changes in exchange rates between 2002 and 2003 contributed to profit in the amount of approx. SEK 150 million, primarily due to the fact that raw materials costs are largely dollar-based; however, this effect on profit will thus largely be felt as lower raw material costs.

23 DEFINITIONS

Sales

Sales less deduction for value added tax, discounts, returns, and freight.

Equity

Reported equity according to the Consolidated Balance Sheet.

Capital employed

Total assets less non-interest-bearing operating liabilities and deferred taxes.

Liquid assets

Cash and bank balances, as well as short-term investments.

Net debt

Interest-bearing liabilities less interest-bearing assets.

Return on equity after tax

Profit after taxes as a percentage of average equity during the year.

Return on capital employed before tax

Operating profit before shares in affiliated companies plus financial income as a percentage of average capital employed during the year.

Equity ratio

Equity as a percentage of total assets.

Net debt/equity ratio

Net debt as a percentage of equity.

Cash flow

Funds generated in business operations including change in working capital less capital expenditures.

Value added

Sales and other operating revenues less expenses for purchased goods and services.

Earnings per share

Profit after taxes divided by the average number of shares.

P/E ratio

Share price at year-end divided by earnings per share.

Equity per share

Equity divided by number of shares.

Yield

Dividend as a percentage of the share price at year-end.

Definitions for subsidiary company tables:

Capital expenditures

Capital expenditures in plants and facilities activated during the year.

Capital employed

Capital employed at year-end.

Return on capital employed

Return on average capital employed.

Number of employees

Average number of employees.

Disposition of profit

Disposition of profit

The amount at the disposal of the Annual General Meeting is as follows:

Profit brought forward	1,048
Net profit for the year	<u>804</u>
SEK million	1,852

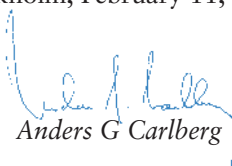
The Board of Directors and the President recommend that the earnings be allocated in the following manner:

dividend to the shareholders	
SEK 6.00 per share	605
To be carried forward	<u>1,247</u>
SEK million	1,852

As reported in the Consolidated Balance Sheet, the Group's disposable earnings amounted to SEK 4,406 (4,110) million. No transfer to restricted equity is proposed.

Stockholm, February 11, 2004


Sverker Martin-Löf


Anders G Carlberg


Per-Olof Eriksson


Owe Jansson


Bert Johansson


Sven-Åke Johansson


Marianne Nivert


Anders Nyren


Ola Parten


Jan Sjöqvist


Anders Ullberg
President

Our Auditors' Report was submitted on February 11, 2004
PricewaterhouseCoopers AB


Göran Tidström
Authorised Public Accountant

Auditor's report

To the general meeting of the shareholders of SSAB Svenskt Stål Aktiebolag (publ)
Company no. 556016-3429.


We have audited the annual accounts, consolidated financial statements, accounting records and the administration by the Board of Directors and President of SSAB Svenskt Stål Aktiebolag (publ) for 2003. The accounts and administration of the Company are the responsibility of the Board of Directors and President. Our responsibility is to express an opinion on the annual accounts, the consolidated financial statements, and administration based on our audit.

The audit has been conducted in accordance with Generally Accepted Auditing Standards in Sweden. Those Standards require that we plan and perform the audit to obtain reasonable assurance that the annual accounts and consolidated financial statements are free from material error. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the accounts. An audit also includes assessing the accounting principles used and their application by the Board of Directors and the President, as well as evaluating the overall presentation of information in the annual accounts and consolidated financial statements. As a basis for our opinion concerning discharge from liability, we have examined significant decisions, actions taken, and circumstances in the Company in order to be able to determine the liability, if any, to the Company of any Board Member or the President. We have also examined whether any Board Member or the President has, in some other way, acted in contravention of the Companies Act, the Annual Accounts Act, or the Articles of Association. We believe that our audit provides a reasonable basis for our opinions set out below.

The annual accounts and consolidated financial statements have been prepared in accordance with the Annual Accounts Act and thereby constitute an accurate representation of the results and financial position of the Company and the Group in accordance with Generally Accepted Accounting Principles in Sweden.

We recommend that the general meeting of the shareholders adopt the profit and loss accounts and balance sheets for the Parent Company and the Group, allocate the profit of the Parent Company in accordance with the proposal set forth in the Report of the Directors, and grant the Board Members and President discharge from liability for the financial year.

Stockholm, February 11, 2004
PricewaterhouseCoopers AB


Göran Tidström
Authorised Public Accountant

Group Management, Staff and Auditors



Group Management visiting the new cutting lines for high-strength sheet in Borlänge. From left Anders Werme, Martin Lindqvist, Anders Ullberg, Göran Carlsson and Curt Johansson.

Anders Ullberg (1946), President and CEO.
Employed since 1984.
Member of Group Management since 1984.
Shareholding: 10,000 shares.
Options to buy 67,051 shares.

Göran Carlsson (1954), Technology.
Employed since 1989.
Member of Group Management since 2002.
Options to buy 2,574 shares.

Curt Johansson* (1943),
President SSAB Tunnpå.
Employed since 1994.
Member of Group Management since 1998.
Options to buy 43,763 shares.

Martin Lindqvist (1962), Control and Finance.
Employed since 1998.
Member of Group Management since 2001.
Options to buy 7,378 shares.

Anders Werme* (1956),
President SSAB Oxelösund.
Employed since 1985.
Member of Group Management since 2000.
Shareholding: 1,000 shares.
Options to buy 22,009 shares.

*) In march 2004 Bengt Nilsson commences as President of SSAB Oxelösund and replaces Curt Johansson in Group Management. At the same time Anders Werme commences as President of SSAB Tunnpå.

Holdings include shares owned by closely-associated persons. The options, see Note 2.

Group staffs

Control and Finance	Martin Lindqvist
Investor Relations	Stefan Lundewall
Legal Affairs	Bo Legelius
Public Affairs	Ulrika Ekström

Auditors

PricewaterhouseCoopers AB

Auditor in charge:

Göran Tidström, Authorised Public Accountant

Board of Directors

APPOINTED BY THE ANNUAL GENERAL MEETING



Sverker Martin-Löf
(1943)
Chairman of the Board of Directors and Board Member since 2003. Chairman of the Board of Directors of SCA and Skanska. Board Member: Ericsson, Handelsbanken and Industrivärden. Shareholding: 5,000 shares.



Anders G Carlberg
(1943)
CEO of Axel Johnson International. Board Member since 1986. Board Member, *inter alia*: Axel Johnson, Axel Johnson Inc., Beijer Alma, Elkem, Sapa and SäkI. Shareholding: 1,600 shares.



Per-Olof Eriksson
(1938)
Board Member since 1986. Chairman of the Board of Directors of Consolis, Odlander and Fredriksson o Co, Sapa, and Thermia. Board Member: ASSA ABLOY, Custos, PREEM Petroleum and Volvo. Shareholding: 2,000 shares.



Sven-Åke Johansson
(1939)
Board Member since 1986. Chairman of the Board of Directors of Industifonden, Nordisk Renting and Stockholm Jazz Festival. Deputy Chairman of the Board of Directors of Wihlborgs Fastigheter and Åkers. Board Member: Sittel. Shareholding: 2,100 shares.

APPOINTED BY THE EMPLOYEES



Owe Jansson
(1945)
Steelworker, SSAB Oxelösund. Employee representative since 1990.



Bert Johansson
(1952)
Electrician, SSAB Tunnplåt. Employee representative since 1998.



Ola Parten
(1953)
Engineer, SSAB Tunnplåt. Employee representative since 2003.

HONORARY CHAIRMAN



Marianne Nivert
(1940)
Board Member since 2002.
Chairman of the Board of Directors of Posten. Board Member: Beijer Alma, Chalmers Tekniska Högskola, Fjärde AP-fonden, Huddinge Universitetssjukhus, Studieförbundet Näringsliv och Samhälle, Svensk Exportkredit, Systembolaget, and Wallenstam.



Anders Nyrén
(1954)
President and CEO of Industrivärden. Board Member since 2003. Deputy Chairman of the Board of Directors of Handelsbanken. Board Member: Ernströmgruppen, Industrivärden, Sandvik, SCA and Skanska. Shareholding: 750 shares.



Jan Sjöqvist
(1948)
President of Swedia Networks. Board Member since 2000. Board Member: Green Cargo, Lannebo Fonder, Stora Enso and Swedia Networks. Shareholding: 2,000 shares.



Anders Ullberg
(1946)
President and CEO of SSAB Svenskt Stål since 2000. Board Member since 2001. Chairman of the Board of Directors of Eneqvistbolagen. Chairman of the Council of the Swedish Ironmasters' Association. Board Member: Atlas Copco and TietoEnator. Shareholding: 10,000 shares. Options to buy 67,051 shares.

Björn Wahlström has served as honorary chairman of the Company since 1991.

Alternates



Lennart Karlsson
(1950)
Steelworker, SSAB Tunnplåt. Employee representative since 2000.



Kerstin Kjellin-Lage
(1949)
Accounts assistant, Tibnor. Employee representative since 1993.



Claes Ström
(1945)
Accounts, SSAB Tunnplåt. Employee representative since 2003.

Secretary of the Board of Directors
Bo Legelius, General Counsel

Holdings include shares owned by closely-associated persons.

Addresses

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