

PRESS RELEASE
10 February 2000

SSAB's Profit for 1999 was SEK 467 Million

SSAB today presented its results for 1999. Profit after financial items declined to SEK 467 (1,424) million. Weaker margins in the steel operations, higher depreciation and reduced financial items lowered profit by just over SEK 1,200 million, while increased volumes and higher margins in the trading and processing operations improved profit by just over SEK 300 million.

-The heavy fall in prices at the end of 1998 and beginning of 1999 quickly eroded profitability for us and other steel manufacturers in Western Europe, says CEO Torsten Sandin in a comment on the results. However, demand began to increase again during the fourth quarter, which laid the foundations for limited price increases for our sheet products. However, this has thus far had only a marginal impact on our results.

-The trend within our niche products, high strength sheet and quenched steels, has been strong. Deliveries of high strength sheet increased, for example, by all of 16% and niche products now account for sales of more than SEK 4 billion, adds Torsten Sandin.

-Our work of reducing costs and fine tuning the major facilities we constructed in recent years has borne results, says Torsten Sandin. Processing costs in absolute terms were unchanged compared with 1998, despite a substantial increase in volumes in the steel operations in which, during the fourth quarter, we reached an all-time high in sheet production.

-Through a reduction in working capital and lower investments we were able once again to generate a positive cash flow of SEK 436 million, which, despite the decline in profit, was just over SEK 1,000 million better than in 1998.

-Prior to the first quarter we were able to increase prices for sheet by just over a further 5% and we are planning price increases for both sheet and plate products prior to the second quarter. Even if we must also accept price increases for our raw materials, we believe that margins in the steel operations will be significantly higher this year. Combined with higher volumes in both the steel and trading operations, the profit is thus expected to be significantly higher this year than in 1999, concludes Torsten Sandin.