

April 24, 1997

Summary of CEO Sven Ohlsson's speech at Scancem's Annual General Meeting in Malmö, April 24, 1997

- For the first quarter of 1997 Scancem reports a loss of SEK 172 M compared with last year's loss of SEK 146 M. The negative deviation from last year is mainly attributable to lower earnings in the business areas Cement Nordic and Concrete Products, where sharply declining deliveries have had a detrimental impact. A planned production stop in the Slite cement plant during parts of February and March also played a role.

This statement was delivered by CEO Sven Ohlsson at Scancem's Annual General Meeting on Thursday in Malmö. He said that he felt a deep anxiety for the Swedish market. The development could more or less be characterized as a free fall. During the first two months of 1997, preliminarily no more than 553 new apartments were started against 1,700 the same period last year. Also in other construction sectors the activity is on a very low level.

- The demand for further structural changes and capacity adjustments within the Swedish building materials industry is evident, and we implement several measures on these themes in the Swedish part of the Group.

In his forecast for the full year 1997 Sven Ohlsson estimated that the continued decline of the Swedish construction market in the first quarter was offset by improved market conditions in most of Scancem's other main markets.

Certain optimism for the full year 1997

- Provided that the Swedish market does not weaken further, earnings for the full year 1997 are expected to be slightly higher than in 1996, when earnings totaled SEK 897 M, excluding nonrecurring income.

Sven Ohlsson underlined that the next few years will be quite a lot about the Group's organic growth. It is a question of existing products on new markets and new products on existing markets.

- The establishment of premix plants in Poland and Estonia will, for example, be followed by new factories in Great Britain and a joint venture in the Benelux. Our cement operations in Ghana expand and we increase capacity by investing in a new cement grinding facility.

Successful cement terminal concept

He said that Scancem's successful cement terminal concept in the U.S. and Africa can be established - with different degrees of integration - on other markets, for example in Asia. He considered this was a case in point of an existing product on a new market, where the product is not cement but the entire idea of establishment, handling and management.

-When talking about organic growth I would like to add to that notion the possibility to create added value which is inherent in the refining of assets. In this connection I first and foremost think of the thrilling opportunity that the old limestone quarry outside our headquarters in Limhamn can offer. In the Group we have for a long time worked with different alternatives for a future use of the area. Our intention is to present an outline within a few days and thereafter tender invitations for an architectural competition in order to create a more detailed plan for the area.

He regarded enhanced productivity as an important component for establishing added value for the shareholders: a real improvement of productivity is the Group's best way to compete, and it also gives resources for expansion.

Proactive environmental acting

Sven Ohlsson touched upon the Group's environmental operations:

- Here we have chosen to play a proactive role, which we have described in detail in a special supplement to the Annual Report. Let me pinpoint the challenge which we express in our environmental policy: by the year 2000 each company in the Scancem Group is to comply with ISO 14001. Of course, I am convinced that our acting in the environmental field gives us a competitive edge.

Speaking about acquisitions, Sven Ohlsson thought that the Group had been reasonably active during the last year, and these efforts will be intensified. He mentioned on the one hand a basic alternative - the presence in the Nordic countries and other parts of the Baltic Sea and Nordic Sea areas will be broadened and deepened, and on the other hand acquisitions in more remote markets.

- Concerning projects in the last-mentioned markets, as for example the U.S. and Asia, I state in the President's comments in the Annual Report that the Board and management is currently evaluating which strategic direction has the greatest potential for value added for the shareholders. In the comments I hold out the prospect of such acquisitions during the year. That judgement is still valid.

*

Scancem's Annual General Meeting confirmed the proposed dividend of SEK 6.50 per share (4.50). Tom Ruud, Chairman of the Board, and Lars A. Christensen having declined reelection where succeeded by Bjørn Rune Gjelsten and Kjell Inge Røkke, representing Aker RGI, one of Scancem's major shareholders. Mr Gjelsten was elected Chairman of the Board at the inaugural meeting of the Board.