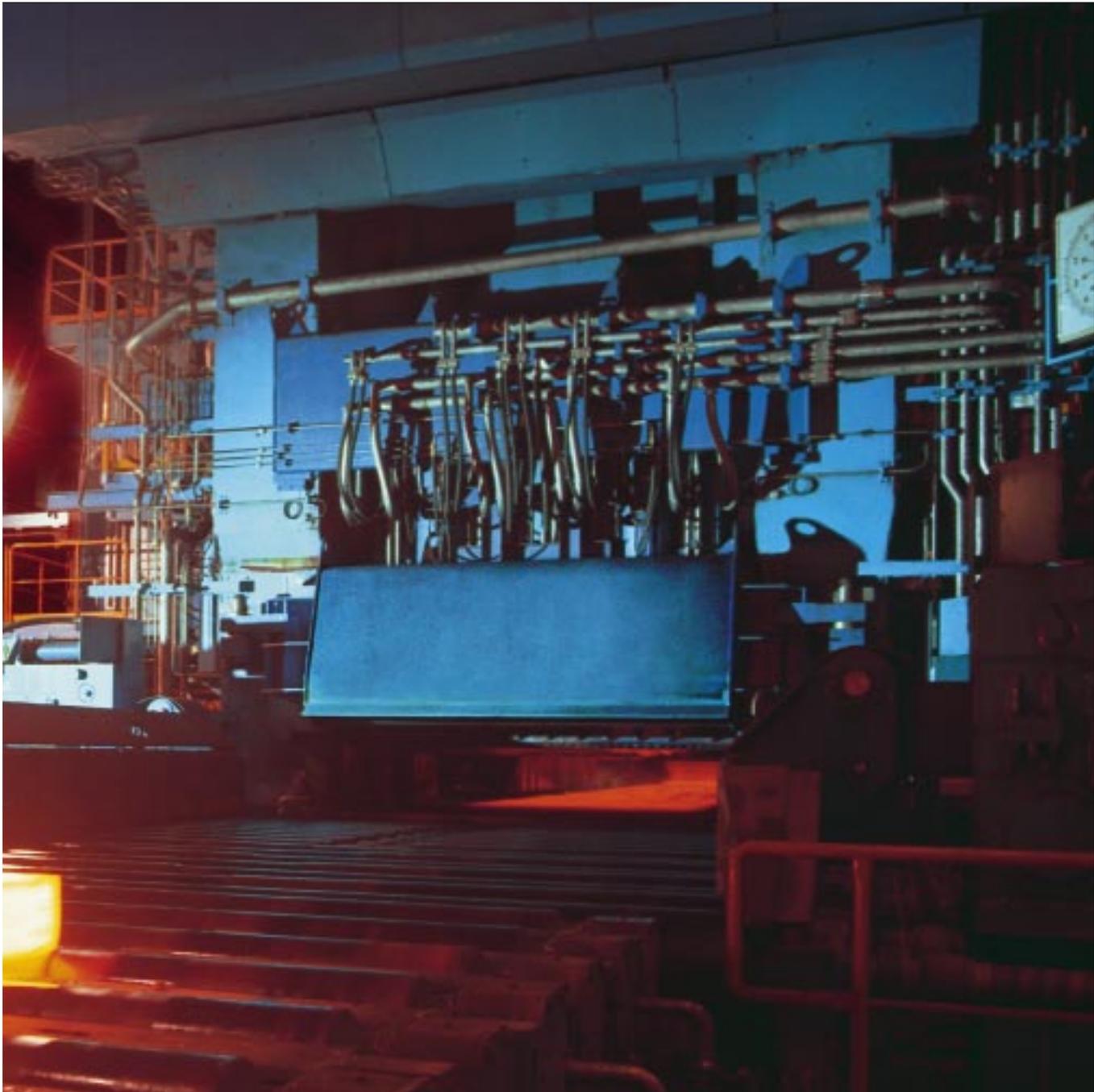




Report for the first quarter of 1998

Steel is by far the most utilised construction material in the world. Its position is only threatened by still better steels. SSAB is consolidating its position in the commercial steel sector as a manufacturer of special steel giving customers added value through its strength, formability or abrasion-resistance.



Report for the first quarter of 1998

- **Sales increased by 14%, primarily as a result of increased prices**
- **Profit after financial items improved by SEK 207 million to SEK 677 (470) million.**
- **Improved profit and a smaller increase in working capital resulted in a positive cash flow, SEK 244 (-195) million.**

The Market

Steel consumption in Western Europe increased in 1997 by almost 9% and demand has continued to be strong during the first quarter. It was, therefore, possible to increase the prices for both sheet and plate by 3–4% in local currencies. In combination with a somewhat weaker Swedish krona, this resulted in the Group's steel prices in Swedish kronor increasing by slightly more than 4% from the previous quarter and were thereby slightly more than 15% higher than the first quarter of 1997.

Orders received in the steel operations from Swedish customers have remained at approximately the same level as during the autumn of 1997. Deliveries to Swedish customers were, however, approximately 20% higher than during the relatively weak first quarter of 1997. Volumes in the trading operation have also remained at the same level as during the autumn of 1997 and were thereby 12% higher than during the first quarter of last year.

Production and deliveries

Plate production has been limited as a consequence of the current testing of the new four-high rolling mill in Oxelösund and was, therefore, slightly more than 20% lower than during last year. Sheet production was, however, 12% higher than during last year when production was periodically limited as a result of a shortage of slabs.

Crude steel production during

Consolidated Profit and Loss Account (unaudited)

SEK millions	1997 Jan–March	1998 Jan–March	1997 Full year	April 97– March 98
Sales	4,325	4,929	17,474	18,078
Cost of goods sold	- 3,569	- 3,900	- 14,264	- 14,595
Gross profit	756	1,029	3,210	3,483
Selling and administrative expenses	- 393	- 417	- 1,663	- 1,687
Other net operating revenues and expenses	58	- 5	132	69
Affiliated companies	16	18	84	86
Operating profit	437	625	1,763	1,951
Financial items	33	52	143	162
Profit after financial items	470	677	1,906	2,113
Tax	- 129	- 187	- 536	- 594
Minority shares	- 8	- 9	- 34	- 35
Profit after tax	333	481	1,336	1,484
Return on capital employed before tax (%)	-	-	14	15
Return on equity after tax (%)	-	-	11	12
Earnings per share (SEK)	2.60	3.80	10.40	11.60
Equity per share (SEK)	96.30	103.90	100.00	103.90
Equity ratio (%)	69	71	70	71

Consolidated Funds Statement (unaudited)

SEK millions	1997 Jan–March	1998 Jan–March	1997 Full year	April 97– March 98
Cash flow from operations	550	755	2,204	2,409
Change in working capital	- 326	- 163	- 437	- 274
Investing activities	- 419	- 348	- 2,021	- 1,950
Cash flow	- 195	244	- 254	185
Financing activities	603	- 218	- 359	- 1,180
Change in liquid assets	408	26	- 613	- 995

Consolidated Balance Sheet (unaudited)

SEK millions	31 March 1997	31 Dec 1997	31 March 1998
Assets			
Fixed assets	6,762	7,858	8,016
Inventories	2,958	3,260	3,243
Accounts receivable	2,718	2,580	2,948
Other assets	623	621	593
Liquid assets	4,913	3,892	3,918
Total assets	17,974	18,211	18,718
Equity and liabilities			
Equity	12,320	12,821	13,303
Minority shares	179	175	183
Deferred tax and other provisions	1,567	1,699	1,753
Long-term liabilities	843	511	346
Current liabilities	3,065	3,005	3,133
Total equity and liabilities	17,974	18,211	18,718

Subsidiaries' Sales and Profit/Loss (unaudited)

SEK millions	Sales		Operating profit/loss		Profit/loss after financial items	
	1997 Jan-March	1998 Jan-March	1997 Jan-March	1998 Jan-March	1997 Jan-March	1998 Jan-March
<i>Subsidiaries:</i>						
SSAB Tunnpåt	2,105	2,523	148	381	136	368
SSAB Oxelösund	1,202	1,237	175	138	160	114
Plannja	156	200	-1	4	-1	4
SSAB HardTech	79	91	29	21	27	18
Dickson PSC	26	30	4	5	4	5
Tibnor	1,524	1,707	75	83	71	81
Other subsidiaries	143	165	5	1	18	17
<i>Parent Company:</i>						
SSAB Finance	3	0	6	-4	25	37
Other Parent Company units*	0	0	-13	-11	21	26
Affiliated companies	-	-	9	12	9	12
Group adjustments	-913	-1,024	-	-5	-	-5
Total	4,325	4,929	437	625	470	677

*Excluding dividends from subsidiaries and affiliated companies. The profit in other Parent Company units is primarily comprised of a positive figure for financial items.

Profit per quarter

SEK millions	1/96	2/96	3/96	4/96	1/97	2/97	3/97	4/97	1/98
Sales	4,701	4,580	3,573	4,309	4,325	4,640	3,788	4,721	4,929
Operating expenses	-3,786	-3,856	-3,374	-3,739	-3,710	-3,892	-3,464	-3,940	-4,114
Depreciation	-180	-182	-186	-202	-194	-194	-203	-198	-208
Affiliated companies	16	18	20	27	16	28	19	21	18
Financial items	93	82	84	93	33	26	34	50	52
Profit after financial items	844	642	117	488	470	608	174	654	677

the quarter amounted to slightly more than 970,000 tonnes and plate and sheet production was just under 740,000 tonnes which were respectively 17 and 6% higher than during 1997. Deliveries from the steel operations remained at the same level as the fourth quarter of 1997, but 5% lower than the unusually high level of deliveries during the first quarter of last year.

Sales and profit

Sales increased by 14% to SEK 4,929 (4,325) million. Of this increase, 11 percentage points are a result of higher prices and 3 percentage points a result of higher volumes.

Prices for iron ore and coal are quoted in US dollars. Pursuant to the agreements which were entered into for 1998, the prices for ore will

increase while the prices for coal will drop. As a consequence of a higher dollar exchange rate, costs in Swedish kronor will increase by 8-9%.

Processing costs were largely unchanged as compared with the autumn of 1997, but 7% higher than during the first quarter of 1997.

The operating profit improved by SEK 188 million to SEK 625 (437) million. As is apparent from the table set to the right, improved margins in the steel operations and increased volumes in the trading and processing operations contributed by SEK 350 million, while increased processing costs negatively affected the profit by SEK 90 million.

Return on the Group's liquid assets increased to 6.0 (4.5)%. The higher return resulted in an improvement in net financial items to

Changes in operating profit between the first quarter 1998 and the first quarter 1997 (SEK millions)

Steel operations	
- Improved margins	+300
- Lower delivery volumes	-15
Trading and processing operations	
- Weakened margins	-30
- Increased volumes	+50
Increased processing cost	-90
Misc.	-27
Improved operating profit	+188

SEK 52 (33) million.

Taken together, this resulted in an improvement in profit after financial items of SEK 207 million to SEK 677 (470) million.

Capital expenditures

During the first quarter, decisions were taken regarding investments

Sensitivity analysis (whole year values)

	Change in %	Profit effect SEK millions	Effect on earnings per share, SEK*
Prices, Steel operations	10	1,000	6.40
Volume, Steel operations	5	200	1.30
Volume, Trading operations	10	125	0.80
Margins, Trading operations	2%-pts	125	0.80
Wage and salary costs	2	70	0.45
Prices, raw material	10	450	2.90
SEK index	10	350	2.25

*After suggested redemption of shares

totalling SEK 1,257 (404) million. Of this, SEK 850 million relates to a decision to modernise and expand the large blast furnace in Luleå to allow for greater hot metal production to be run, following the upgrade, in only one blast furnace instead of two blast furnaces as is the case today.

In addition, within the steel operations, two major projects (Development Plan Domex 2000 and General Plan OX 2000) are underway which, together, include investments of approximately SEK 3 billion. Through these two projects, the conditions are being created for continued expansion within the niche products, high-strength hot-rolled sheet and quenched steel within the plate operations.

The projects are proceeding as planned. Test rolling at the new four-high rolling mill in Oxelösund is underway and the new rougher in Borlänge will be placed into operation during the autumn.

Within SSAB HardTech, the construction of a production facility in North America is underway and the facility will commence operations in the autumn. This project involves total investments of SEK 500 million.

Capital expenditures during the first quarter amounted to SEK 348 (419) million. Approximately SEK 230 million relates to the four projects mentioned above. A total of SEK 2.0 billion in capital expenditures remains outstanding for these projects.

Financing and liquidity

As is customary for the season, accounts receivable have increased, while inventories have remained largely unchanged. An improved profit and a smaller increase in working capital resulted in an improvement in cash flow to SEK 244 (-195) million. At the end of the quarter, interest-bearing assets were slightly more than SEK 3,200 million greater than interest-bearing liabilities. The proposal by the Board of Directors to redeem shares in the company will result in a transfer to the shareholders of SEK 3,000-3,500 million of liquid assets at the end of the second quarter.

Prospects for the remainder of the year

The demand for steel in Sweden, as in the remainder of Western Europe, continues to be strong. Just prior to the commencement of the second quarter, depending on the product and market, there are examples of both price increases as well as smaller price decreases. Future price trends will be the factor which primarily determines the Group's profit trend during the remainder of the year.

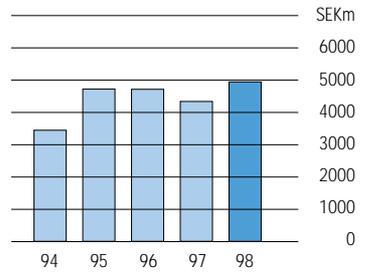
Stockholm, April 23, 1998



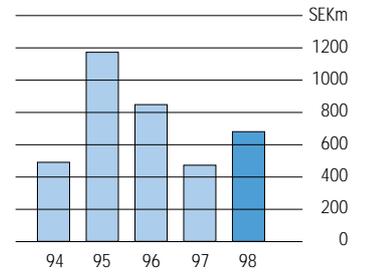
Leif Gustafsson

Sales

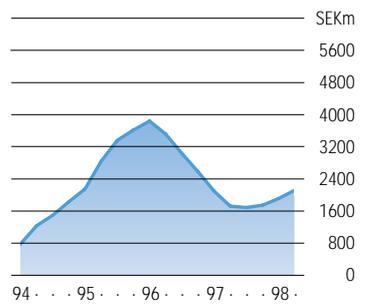
January–March

**Profit after financial net**

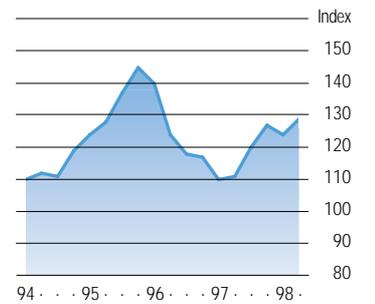
January–March

**Profit after financial net**

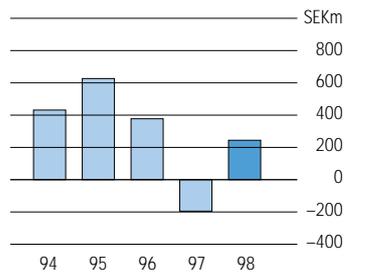
Moving 12 months

**Price trend**

Index 100 = 1988 quarter 1

**Cash flow**

January–March



The Half Year Report will be published on August 14.

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JOE BRIG ART AB / TRYCK GRAPHIUM VÄSTRA AROS, VÄSTERÅS 1998

The new four-high rolling mill is part of an investment totalling SEK 1,650 million in the plate operations in Oxelösund.



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