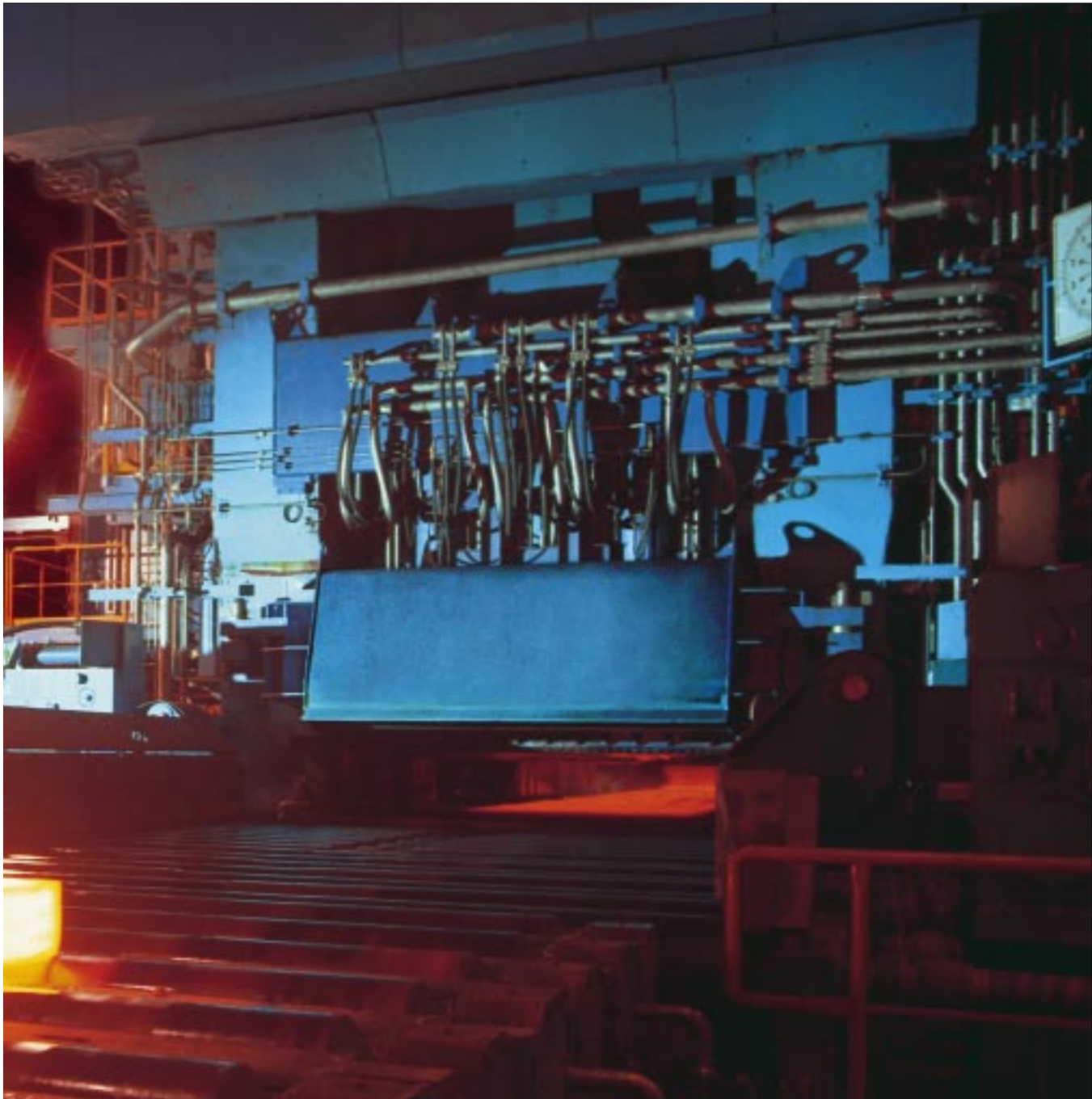




Report for the first quarter of 1998

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.

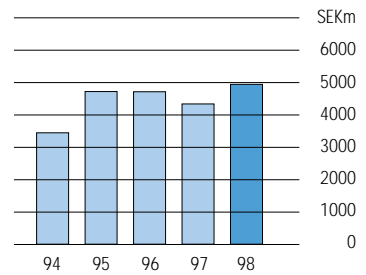
Stockholm, April 23, 1998



Leif Gustafsson

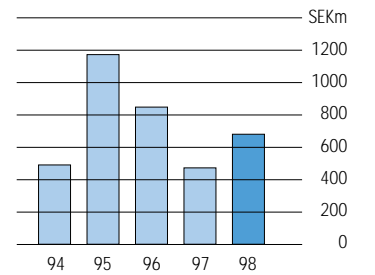
Sales

January – March



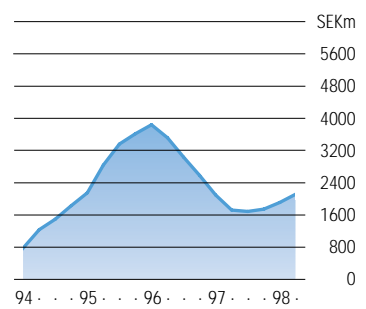
Profit after financial net

January – March



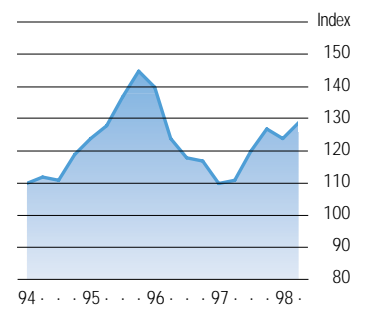
Profit after financial net

Moving 12 months



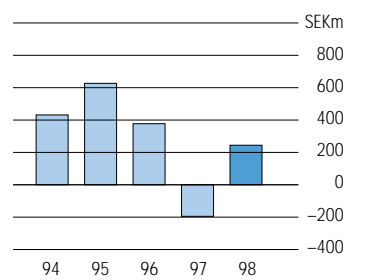
Price trend

Index 100 = 1988 quarter 1



Cash flow

January – March



The Half Year Report will be published on August 14.

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Porto betalt
Port payé

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.*



SSAB Swedish Steel AB, Box 26208, SE-100 40 Stockholm, Sweden
Telephone int. +46 8 45 45 700. Telefax int. +46 8 45 45 725
Visiting address: Birger Jarlsgatan 58, Stockholm
www.ssab.se