Report for the second quarter of 2010

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The quarter (Unless otherwise stated, the report relates to continuing operations, i.e. excluding the tubular business)

- Sales increased by 66% to SEK 10,911 (6,583) million
- Operating profit of SEK 708 (-952) million
- Profit after financial items of SEK 624 (-1,096) million
- Earnings per share of SEK 1.64 (-1.95)
- Operating cash flow of SEK 341 (2,119) million and cash flow from current operations of SEK 98 (1,917) million

The half year (Unless otherwise stated, the report relates to the continuing operations, i.e. excluding the tubular business)

- Sales increased by 35% to SEK 19,776 (14,618) million
- Operating profit of SEK 876 (-1,086) million
- Profit after financial items of SEK 707 (-1,311) million
- Earnings per share of SEK 2.09 (-1.45)
- Operating cash flow of SEK 597 (3,043) million and cash flow from current operations of SEK 545 (1,541) million
- Net debt/equity ratio was unchanged since the beginning of the year and amounted to 49%

(In the report, amounts in brackets refer to the corresponding period of last year.)

Comments by the CEO

The recovery in the steel market continued during the second quarter and generally, demand was good. The regions with the strongest growth were Asia and South America, but Europe and the US also performed well. We saw continued strong demand for our niche products, primarily within the Mining sector, Heavy Transport and Automotive. A part of the increase in demand during the first half of the year was driven by inventory restocking at our customers. Inventory restocking is now believed to have come to an end.

Agreements for deliveries of iron ore have now been signed for the full year of 2010 and are in line with the rest of the market. A small part of SSAB's coal agreements are for the full year, but most of the coal is purchased on a quarterly basis. The full impact of the steep increases in coal and iron ore prices will be felt during the third quarter. In order to offset these cost increases, we have increased prices on new orders for the third quarter. We therefore expect to be able to largely compensate for the increased raw materials costs.

As usual, we are carrying out maintenance outages in the Swedish operations during the summer; this year the outages will be somewhat longer than normal due to ongoing investments.

The recovery in the steel market is expected to continue during the third quarter, but at a slower pace, which may also affect the price trend for SSAB's steel later in the year. Unease concerning the euro and development of the European economies has led to some uncertainty in the market. On the other hand, positive development is expected to continue in South America and Asia, primarily China.

Consolidated income statement

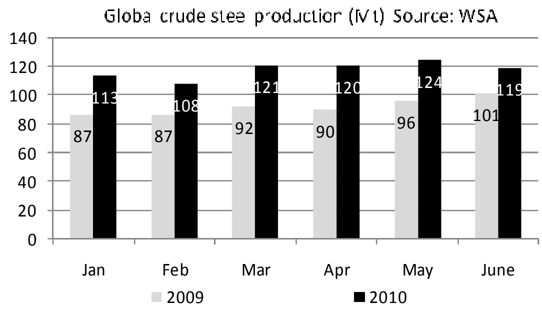
SEK millions	**2010 Q2**	2009 Q2	**2010 Q1-2**	2009 Q1-2	**July 09- June 10**	2009 Full year
Sales	**10,911**	6,583	**19,776**	14,618	**34,996**	29,838
Operating profit	**708**	-952	**876**	-1,086	**370**	-1,592
Of which operating profit per business area						
- SSAB EMEA 2)	**338**	-757	**552**	-800	**-341**	-1,693
- SSAB Americas	**334**	-107	**468**	-106	**1,169**	595
- SSAB APAC	**96**	62	**106**	75	**101**	70
- Tibnor	**188**	-12	**267**	-94	**323**	-38
- Amortization on surplus values 1)	**-233**	-248	**-456**	-511	**-887**	-942
- Other 2)	**-15**	110	**-61**	350	**5**	416
	708	-952	**876**	-1,086	**370**	-1,592
Financial items	**-84**	-144	**-169**	-225	**-413**	-469
Profit after financial items	**624**	-1,096	**707**	-1,311	**-43**	-2,061
Tax	**-70**	460	**-1**	828	**353**	1,182
Profit after tax for continuing operations	**554**	-636	**706**	-483	**310**	-879
Profit after tax for discontinued operations 3)	**-164**	-	**-164**	-	**-295**	-131
Profit for the period after tax	**390**	-636	**542**	-483	**15**	-1,010

1) Depreciation and amortization on surplus values on intangible and tangible fixed assets related to the acquisition of IPSCO.
2) Earnings for the first half of the year include a profit of SEK 0 (313) million on sales of emission rights, of which SEK 0 (173) million in the second quarter, divided into SEK 0 (13) million in SSAB EMEA and SEK 0 (160) million in Other.
3) The discontinued operations relate to the tubular business in North America which was divested in 2008. The cost represents a provision for warranty undertakings to the buyer regarding tax.

Key numbers	**2010 Q2**	2009 Q2	**2010 Q1-2**	2009 Q1-2	**July 09- June 10**	2009 Full year
Return on capital employed before tax (%)	**-**	-	**-**	-	**1**	neg
Return on equity after tax (%)	**-**	-	**-**	-	**0**	neg
Earnings per share (SEK)	**1.14**	-1.95	**1.58**	-1.45	**-0.07**	-3.09
-of which for continuing operations (SEK)	**1.64**	-1.95	**2.09**	-1.45	**0.85**	-2.69
Equity (SEK millions)	**33,007**	33,167	**33,007**	33,167	**33,007**	31,002
Net debt (SEK millions)	**16,321**	17,380	**16,321**	17,380	**16,321**	15,314
Net debt/equity ratio (%)	**49**	52	**49**	52	**49**	49

The market

According to the World Steel Association, demand for steel continued to develop favorably during the first six months of the year and global crude steel production increased by 28% compared with the same period of last year. China accounted for 46 (48)% of global crude steel production.



In its most recent forecast, Steel Business Briefing assesses that global steel production in 2010 will increase by 15% compared with 2009, which means that production levels for 2008 will be exceeded.

Inventory levels of steel products at European distributors in May continued to be at a balanced level compared with sales for the past three months. According to statistics from Metals Service Center Institute, seasonally adjusted inventories of plate at Steel Service Centers in the US increased somewhat in June compared with March, to 2.7 months of actual sales.

Demand for SSAB's niche products continued to improve and all geographic markets reported positive development during the second quarter. Mining and Heavy Transport were the strongest sectors. Demand within Automotive remained good.

Short-term outlook

Demand for steel in the third quarter is expected to vary depending on industry and geographic market. Certain products and markets will enjoy continued positive demand, while others will be affected by a degree of seasonal fluctuation. There is some uncertainty at customers as to how underlying demand will develop during the fall. However, demand for quenched steels is expected to show continued growth. European steel demand is expected to be softer, especially in Southern Europe, while demand in South America, China and Australia is expected to remain positive. In North America, the Mining and Energy sectors are expected to show continued growth, while a more cautious approach is expected from, primarily, Steel Service Centers.

The full impact of the severe increases in coal and iron ore prices will be felt during the third quarter. In order to offset these cost increases, SSAB has increased prices on new orders for the third quarter. SSAB thereby expects to be able to largely compensate for the increased raw materials costs.

SSAB will have a somewhat extended summer outage at the Swedish plants due to ongoing investments, which will affect production levels during the third quarter.

The Group

The half year in summary

Sales during the first half of the year amounted to SEK 19,776 (14,618) million, an increase of SEK 5,158 million or 35% compared with the first half of last year. Higher volumes accounted for a positive impact of 63 percentage points; lower prices accounted for a negative impact of 15 percentage points; exchange rates accounted for a negative impact of 8 percentage points, and a weaker product mix for 5 percentage points.

Operating profit during the first half of the year improved by SEK 1,962 million to SEK 876 (-1,086) million. Financial items amounted to SEK -169 (-225) million and profit after financial items amounted to SEK 707 (-1,311) million, an improvement of SEK 2,018 million.

Profit after tax (attributable to the shareholders), excluding discontinued operations, during the first half of the year amounted to SEK 676 (-470) million, equal to SEK 2.09 (-1.45) per share.

The operating cash flow for the first half of the year was SEK 597 (3,043) million.

Development during the second quarter

Raw materials

Agreements have been reached regarding new prices for Australian coal, which will apply to the third quarter. The agreement for the third quarter entails only limited price increases compared with the prices for the second quarter and is in line with the rest of the market. Agreements regarding prices for the fourth quarter have not yet been reached.

At the beginning of June, agreements were reached regarding the price for iron ore for 2010, involving price increases in line with the rest of the market. The price increase for the first quarter was in line with the assessment made when preparing the accounts for the first quarter. The full impact of the price increases will be felt during the third quarter.

The American operations regularly purchase scrap metal as a raw material for their production. Market prices for scrap metal in the US steadily increased at the beginning of the year, but began to fall in May and are now only 7% higher than at the beginning of the year.

Shipments and production

SSAB's shipments during the second quarter increased by 7% compared with the first quarter of 2010 and by 85% compared with the second quarter of 2009. Shipments of niche products increased by 15% compared with the first quarter of 2010 and by 109% compared with the second quarter of last year. In total, niche products accounted for 31 (27)% of total shipments during the quarter.

Crude steel production increased by 6% compared with the first quarter of 2010 and by 121% compared with the second quarter of last year, and is now once again at almost normal production levels. Steel production increased by 2% compared with the first quarter of 2010 and 87% compared with the second quarter of last year.

Sales

Sales during the quarter amounted to SEK 10,911 (6,583) million, an increase of SEK 4,328 million or 66% compared with the second quarter of 2009. Higher volumes accounted for a positive effect of 73 percentage points; an improved product mix for a positive effect of 1 percentage point, while exchange rates accounted for a negative effect of 8 percentage points.

Earnings

Operating profit during the quarter improved by SEK 1,660 million compared with the second quarter of 2009 and amounted to SEK 708 (-952) million. Higher volumes and lower variable production costs compensated for higher fixed costs. The second quarter of 2009 included a positive effect of SEK 173 million from sales of emission rights and a negative effect of SEK 134 million from write-downs of coke inventories.

The profit analysis is shown in the table below.

Change in operating profit between the second quarters of 2010 and 2009 (SEK millions)	
Steel operations	
- Lower prices	-50
- Higher volumes	+991
- Lower variable production costs	+654
- Higher sales of byproducts	+135
Tibnor	
- Higher volumes, changed mix and margins	+148
Higher fixed costs	-331
Lower write-down of coke inventories	+134
Lower provisions for anticipated bad debt losses	+55
Sale of emission rights	-173
Other	+97
Change in operating profit	+1,660

Due to a stronger Swedish krona compared with 2009, sales during the quarter have been negatively impacted in the amount of approx. SEK 0.5 billion, while operating expenses were positively impacted by approx. SEK 0.3 billion.

Financial items for the quarter amounted to SEK -84 (-144) million.

Profit for the quarter after financial items was SEK 624 (-1,096) million.

Profit after tax and earnings per share

Profit after tax (attributable to the shareholders) for the quarter, excluding discontinued operations, amounted to SEK 533 (-633) million or SEK 1.64 (-1.95) per share. Tax for the quarter amounted to SEK -70 (+460) million.

Financing and liquidity

The operating cash flow remained positive and, during the quarter, amounted to SEK 341 (2,119) million, primarily as a consequence of a positive cash flow from the current operations and increased accounts payable, but was negatively impacted by increased accounts receivable due to increased sales, and by increased inventory values. The cumulative cash flow was positively impacted by approx. SEK 750 million due to the fact that the year's retroactive price increases for raw materials are not paid until the third quarter.

Cash flow before financing and dividends amounted to SEK -229 (1,621) million and, together with a dividend of SEK 324 (1,296) million and translation effects on debts of SEK -729 (926) million, entailed that the net debt during the quarter increased by SEK 1,282 million and, on June 30, amounted to SEK 16,321 (17,380) million. The net debt/equity ratio was 49 (52)%.

Operating cash flow per business area

SEK millions	**2010 Q2**	2009 Q2	**2010 Q1-2**	2009 Q1-2	**July 09-June 10**	2009 Full year
SSAB EMEA	**448**	979	**328**	1,027	**1,414**	2,113
SSAB Americas	**-52**	383	**458**	651	**965**	1,158
SSAB APAC	**15**	83	**-79**	151	**-89**	141
Tibnor	**20**	328	**-36**	438	**251**	725
Other 1)	**-90**	346	**-74**	776	**-119**	731
Operating cash flow	**341**	2,119	**597**	3,043	**2,422**	4,868
Financial items	**-118**	-126	**-192**	-376	**-354**	-538
Taxes	**-125**	-76	**140**	-1,126	**323**	-943
Cash flow from current operations	**98**	1,917	**545**	1,541	**2,391**	3,387
Strategic investments	**-241**	-295	**-390**	-561	**-773**	-944
Divestment of businesses and operations 2)	**-86**	-1	**-85**	30	**-84**	31
Cash flow before dividend and financing	**-229**	1,621	**70**	1,010	**1,534**	2,474
Dividend 3)	**-324**	-1,296	**-324**	-1,296	**-324**	-1,296
Translation differences on debt against equity (hedge) 4)	**-804**	909	**-834**	-193	**-166**	475
Other	**75**	17	**81**	91	**15**	25
Change, net debt (increase-/decrease+)	**-1,282**	1,251	**-1,007**	-388	**1,059**	1,678

1) Last year includes proceeds from sales of emission rights.
2) Payment for the quarter relates to warranty commitments given to the buyer of the tubular business regarding tax.
3) The dividend of SEK 324 (1,296) million was decided upon in March but not paid until the beginning of April.
4) For hedging of currency risk in foreign operations.

As per June 30, the term to maturity on the loan portfolio averaged 3.4 (3.4) years, with an average fixed interest period of 1.0 (0.8) years. Of the loan portfolio of SEK 17,610 (22,476) million, short-term commercial paper accounted for SEK 1,569 (3,010) million.

The Group's liquidity preparedness

SEK millions	**2010 June 30**	2009 June 30
Cash and cash equivalents	**1,345**	5,230
Committed credit facilities	**13,623**	10,513
Liquidity preparedness	**14,968**	15,743
-as a percentage of annual sales (rolling 12 months)	***43%***	*38%*
Less commercial paper	**-1,569**	-3,010
Liquidity preparedness excluding commercial paper	**13,399**	12,733
- as percentage of annual sales (rolling 12 months)	***38%***	*31%*

Return on capital employed/equity

The return on capital employed before tax and return on equity after tax for the most recent twelve-month period were 1% and 0% respectively, whereas they were negative for the full year of 2009.

Equity

Following the addition of profit for the year of SEK 512 million attributable to the Company's shareholders and other comprehensive income of SEK 1,802 million (primarily comprising translation differences), and after deduction for a dividend of SEK 324 million, the shareholders' equity in the Company amounted to SEK 32,831 (33,011) million, equal to SEK 101.35 (101.91) per share.

Capital expenditures

During the quarter, decisions were made regarding new capital expenditures totaling SEK 153 (251) million, of which SEK 95 (0) million involved strategic investments. Capital expenditure payments for the entire operations amounted to SEK 466 (510) million, of which SEK 241 (295) million involved strategic capital expenditures.

Divestment of the North American tubular business

The tubular business was sold on June 12, 2008 for a purchase price of USD 4,038.5 million. In the income statement for 2008, items relating to the operations under discontinuation were reported net on a separate line, "Result after tax for discontinued operations". There are warranty commitments to the purchaser regarding the period prior to the sale. In conjunction with the sale, a provision was made in respect of this warranty. In connection with the closing accounts for 2009, a renewed estimate was made and further provision was made for this undertaking in the amount of SEK 131 million. During the second quarter of 2010, an agreement was negotiated regarding a tax dispute which essentially covers currently known warranty commitments. As a consequence, the provision has been adjusted entailing an additional cost of SEK 164 million. The cost is reported as "Result after tax for discontinued operations".

SSAB EMEA

SEK millions		2010 Q2	2009 Q2	2010 Q1-2	2009 Q1-2	July 09 - June 10	2009 Full year
Sales		**5,678**	3,551	**10,514**	7,965	**17,801**	15,252
Operating profit before depreciation		**615**	-493	**1,101**	-279	**760**	-620
Operating profit		**338**	-757	**552**	-800	**-341**	-1,693
Operating margin (%)		**6%**	-21%	**5%**	-10%	**-2%**	-11%
Return on capital employed (%)		**-**	-	**-**	-	**neg**	neg
Shipments ('000 tonnes)	- Quenched steels	**75**	29	**134**	92	**209**	167
	- AHSS	**130**	71	**241**	135	**388**	282
	- Ordinary	**395**	241	**772**	458	**1,340**	1,026
Production ('000 tonnes)	- Crude steel	**941**	418	**1,815**	910	**2,792**	1,887
	- Steel	**764**	441	**1,502**	813	**2,439**	1,750
Operating cash flow		**448**	979	**328**	1,027	**1,414**	2,113
Maintenance capital expenditures		**-157**	-184	**-313**	-386	**-726**	-799
Strategic capital expenditures		**-142**	-211	**-259**	-381	**-622**	-744

Demand increased on all markets, particularly within the Mining, Automotive and Lifting sectors. Steel shipments increased by 10% compared with the first quarter of 2010 and by 76% compared with the second quarter of 2009, and amounted to 600 (341) thousand tonnes. Shipments of niche products increased by 105% compared with the second quarter of 2009 and amounted to 205 (100) thousand tonnes. Shipments of niche products thereby accounted for 34 (29)% of total shipments during the second quarter. Compared with the first quarter of 2010, prices in local currency increased by 3% for advanced high-strength steels (AHSS), by 1% for quenched steels and by 10% for ordinary steel.

Crude steel production has almost returned to normal levels, whereas major parts of production were suspended during the second quarter of last year. Steel production was negatively impacted by a number of minor disruptions, but was nevertheless higher than during the first quarter of the year.

Sales increased by 60% compared with the second quarter of 2009. Lower prices accounted for a negative effect of 5 percentage points; exchange rates for a negative effect of 8 percentage points; an improved product mix accounted for a positive effect of 3 percentage points, and volume increases accounted for a positive effect of 70 percentage points.

Operating profit for the quarter was SEK 338 (-757) million. Higher volumes, lower variable costs and higher sales of byproducts compared with the second quarter of 2009 were partly offset by lower average prices and higher fixed costs. A reduction of SEK 51 million in provisions for bad debt losses, and the fact that significant coke inventory write-downs in the amount of SEK 134 million were incurred in the second quarter of 2009, also contributed to the improvement in profit.

Operating cash flow during the second quarter was positively impacted by cash flow from the current operations and by increased accounts payable, but negatively impacted by increased inventories and increased accounts receivable due to increased sales, and amounted to SEK 448 (979) million. The cumulative cash flow was positively impacted by approximately SEK 750 million due to the fact that the year's retroactive price increases for raw materials are not paid until the third quarter.

During the quarter, decisions were made on new capital expenditures totaling SEK 150 (217) million. Capital expenditure payments during the quarter amounted to SEK 299 (395) million, of which SEK 142 (211) million involved strategic investments. The largest ongoing project is an investment for the production of quenched steel at the plant in Borlänge. The line is expected to be brought into commission in 2012.

Analysis of operating profit quarter 2/09 to 2/10	**SEK millions**
Price/mix	**-317**
Volume	**477**
Variable costs	**786**
Fixed costs	**-254**
Sales of byproducts	**135**
Coke inventory write-down, 2/09	**134**
Provision, bad debt losses	**51**
Other	**83**
Change in operating profit	**1,095**

Price analysis quarter 1/10 to 2/10	Ordinary steel	Quenched steel	AHSS
Price change, local currency	10%	1%	3%
Changed product mix	3%	-3%	0%
Currency changes	-2%	-1%	-1%
Net price change	11%	-3%	2%

SSAB Americas

SEK millions		2010 Q2	2009 Q2	2010 Q1-2	2009 Q1-2	July 09 - June 10	2009 Full year
Sales		**4,037**	1,943	**7,179**	4,509	**13,382**	10,712
Operating profit before depreciation		**439**	-3	**674**	113	**1,579**	1,018
Operating profit 1)		**334**	-107	**468**	-106	**1,169**	595
Operating margin (%)		**8%**	-6%	**7%**	-2%	**9%**	6%
Return on capital employed (%) 2)		**-**	-	**-**	-	**1%**	neg
Shipments ('000 tonnes)	- Quenched steels	**51**	23	**91**	48	**151**	108
	- AHSS	**79**	40	**165**	85	**456**	376
	- Ordinary	**480**	256	**919**	494	**1,655**	1,230
Production('000tonnes)	- Crude steel	**599**	278	**1,184**	558	**2,292**	1,666
	- Steel	**553**	262	**1,111**	522	**2,152**	1,563
Operating cash flow		**-52**	383	**458**	651	**965**	1,158
Maintenance capital expenditures		**-61**	-14	**-110**	-46	**-163**	-99
Strategic capital expenditures		**-99**	-84	**-131**	-180	**-150**	-199

1) Excluding depreciation and amortization on surplus values on intangible and tangible fixed assets
2) The return is calculated based on operating profit including depreciation and amortization on surplus values.

Demand remained positive during the second quarter, primarily within the Mining and Energy sectors. Steel shipments were 8% higher than in the first quarter of 2010 and 91% higher than in the second quarter of 2009, and amounted to 610 (319) thousand tonnes. Shipments of niche products were 106% higher than in the second quarter of 2009 and totaled 130 (63) thousand tonnes. Shipments of niche products thereby accounted for 21 (20)% of shipments during the second quarter.

AHSS prices in USD increased by 3%, while quenched steel prices increased by 4% and ordinary steel prices by 16%, compared with the first quarter of 2010. An improved product mix within AHSS contributed a further 6%, entailing that the average price for AHSS increased by 9%.

Production was restricted by the scheduled maintenance outage at the plant in Montpelier, from March 22 to the beginning of April, but nevertheless was more than doubled compared with the substantially curtailed production during the second quarter of last year.

Sales during the second quarter increased by 108% compared with the second quarter of 2009. Higher prices accounted for a positive effect of 21 percentage points; an improved mix for a positive effect of 3 percentage points; volume increases for a positive effect of 92 percentage points, while exchange rates accounted for a negative effect of 8 percentage points.

Operating profit for the quarter was SEK 334 (-107) million. The improvement of SEK 441 million in operating profit is primarily due to higher prices and increased volumes, partially offset by higher variable and fixed costs.

Operating cash flow during the second quarter was positively impacted by cash flow from current operations, which however was counteracted by increased accounts receivable due to increased sales, and amounted to SEK -52 (383) million.

During the quarter, no decisions were made regarding new capital expenditures. Capital expenditure payments during the quarter amounted to SEK 160 (98) million, of which SEK 99 (84) million involved strategic investments. The largest ongoing project is the expansion of the quenching line in Mobile, Alabama in order to increase quenched steel production by approx. 200 thousand tonnes. The quenching line is expected to be brought into commission during the first half of 2012.

Analysis of operating profit quarter 2/09 to 2/10	**SEK millions**
Price/mix	**520**
Volume	**420**
Variable costs	**-341**
Fixed costs	**-92**
Other	**-66**
Change in operating profit	**441**

Price analysis quarter 1/10 to 2/10	Ordinary steel	Quenched steel	AHSS
Price change, local currency	16%	4%	3%
Changed product mix	0%	0%	6%
Net price change in USD	16%	4%	9%

SSAB APAC

SEK millions		2010 Q2	2009 Q2	2010 Q1-2	2009 Q1-2	July 09 - June 10	2009 Full year
Sales		**688**	492	**1,277**	919	**1,941**	1,583
Operating profit before depreciation		**98**	63	**109**	78	**107**	76
Operating profit		**96**	62	**106**	75	**101**	70
Operating margin (%)		**14%**	13%	**8%**	8%	**5%**	4%
Return on capital employed (%)		**-**	-	**-**	-	**17%**	13%
Shipments ('000 tonnes)	- Quenched steels	**31**	15	**56**	30	**88**	62
	- AHSS	**26**	10	**45**	21	**70**	46
	- Ordinary	**1**	0	**27**	0	**28**	1
Operating cash flow		**15**	83	**-79**	151	**-89**	141
Maintenance capital expenditures		**-2**	-3	**-2**	-5	**-3**	-6
Strategic capital expenditures		**0**	0	**0**	0	**0**	0

Growth in demand continues to be positive, particularly in China and Australia, where demand is driven by the mining industry. The aftermarket, through Steel Service Centers, is also demonstrating positive demand. In China, demand within the Lifting sector is particularly strong. Shipments of niche products increased by 30% compared with the first quarter of 2010 and by 128% compared with the second quarter of 2009. They amounted to 57 (25) thousand tonnes, representing 98 (100)% of total shipments.

Prices in local currencies for shipments of quenched steels increased by 1%, while AHSS prices declined by 6% compared with the first quarter of 2010.

Sales increased by 40% compared with the second quarter of 2009 and amounted to SEK 688 (492) million. Lower prices accounted for a negative effect of 23 percentage points; a weaker mix for a negative effect of 20 percentage points; exchange rates for a negative effect of 8 percentage points, while higher volumes accounted for a positive effect of 91 percentage points.

Operating profit for the quarter was SEK 96 (62) million. The improvement in operating profit of SEK 34 million is primarily explained by higher volumes and lower variable costs, partially offset by lower price/mix and higher fixed costs.

Operating cash flow during the second quarter was positively impacted by cash flow from the current operations, but negatively impacted by increased accounts receivable due to increased sales, and by increased inventories, and amounted to SEK 15 (83) million.

During the quarter, no decisions were made regarding new capital expenditures. The largest ongoing project consists of the finishing line in Kunshan, China. The line will have a capacity for cutting to size, blasting and organic coating and is expected to be brought into commission in the middle of 2011. Capital expenditure payments during the quarter amounted to SEK 2 (3) million, of which SEK 0 (0) million involved strategic investments.

Analysis of operating profit quarter 2/09 to 2/10	**SEK millions**
Price/mix	**-253**
Volume	**94**
Variable costs	**194**
Fixed costs	**-4**
Other	**3**
Change in operating profit	**34**

Price analysis quarter 1/10 to 2/10	Quenched steel	AHSS
Price change, local currency	1%	-6%
Changed product mix	-1%	1%
Currency changes	3%	2%
Net price change	3%	-3%

Tibnor

SEK millions	**2010 Q2**	2009 Q2	**2010 Q1-2**	2009 Q1-2	**July 09 - June 10**	2009 Full year
Sales	**1,834**	1,319	**3,308**	2,897	**5,697**	5,286
Operating profit before depreciation	**201**	3	**292**	-64	**378**	22
Operating profit	**188**	-12	**267**	-94	**323**	-38
Operating margin (%)	**10%**	-1%	**8%**	-3%	**6%**	-1%
Return on capital employed (%)	**-**	-	**-**	-	**18%**	neg
Shipments ('000 tonnes)	**174**	119	**321**	248	**544**	471
Operating cash flow	**20**	328	**-36**	438	**251**	725
Maintenance capital expenditures	**-4**	-18	**-5**	-27	**-37**	-59

Shipments increased by 18% during the second quarter compared with the first quarter of 2010 and were 46% higher than in the second quarter of 2009. The increase is primarily attributable to increased demand for strip products.

Sales increased by 39% compared with the second quarter of 2009 and amounted to SEK 1,834 (1,319) million. The increase is due to higher volumes, which was partially offset by lower average prices.

Operating profit for the second quarter amounted to SEK 188 (-12) million. The improvement of SEK 200 million in operating profit is primarily due to higher volumes, improved margins, lower fixed costs, a higher share in profit from affiliated companies and due to the fact that inventory write-downs of SEK 28 million were incurred in the second quarter of 2009.

Operating cash flow during the second quarter was SEK 20 (328) million. Operating cash flow was positively impacted by cash flow from the current operations and by increased accounts payable, but was negatively impacted by increased accounts receivable due to increased sales, as well as by increased inventories.

During the quarter, decisions were made regarding new capital expenditures totaling SEK 3 (0) million. Capital expenditure payments during the second quarter amounted to SEK 4 (18) million.

Analysis of operating profit quarter 2/09 to 2/10	**SEK millions**
Margin	**30**
Volume/mix	**90**
Write-down of inventories 2/09	**28**
Fixed costs	**19**
Profit share, affiliated companies	**18**
Other	**15**
Change in operating profit	**200**

Sustainability work during the quarter

During the second quarter, SSAB has reported on the 2010 work regarding CSR issues (”Communication on progress”) to the UN Global Compact in accordance with the Company's commitment since the Company signed up to the Global Compact at the beginning of the year. A presentation of SSAB's work within environmental and other CSR issues has been carried out for the media and capital markets.

Risks and uncertainties

For information regarding significant risks and uncertainty factors, see the detailed description in the annual report for 2009. The transition to shorter term contracts for raw material purchases entails increased volatility as regards the costs. This will probably lead to a transition to shorter term price agreements in conjunction with sales. No significant new or changes in risks and uncertainty factors have been identified during the quarter.

Accounting principles

This quarterly report has been prepared in accordance with IAS 34.

Commencing January 1, 2010, the Group applies IAS 27 (Revised), “Consolidated financial statements and separate financial statements”. The revised change applies going forward to transactions with minority owners and, among other things, the designation "minority owners" has been changed to "non-controlling interests". The change also means, among other things, that earnings attributable to minority owners must always be reported even if this means that the portion attributable to minority owners is negative; that transactions with minority owners must always be reported in equity; and that in those cases where a parent company relinquishes controlling influence, any remaining holding must be reappraised at fair value. The revised standard has had no effect on previously executed transactions with non-controlling interests.

Commencing January 1, 2010, the Group applies IFRS 3 (Revised), “Business combinations”. The application entails a change in the way in which future acquisitions are reported, among other things reporting of transaction costs, any conditional purchase price and step acquisitions. No acquisitions took place during the first half of 2010 and the change has had no effect on previously executed acquisitions. The revised standard has had no impact on the consolidated financial statements.

Commencing January 1, 2010, the Group applies IFRS 5 (Amendment) "Non-current assets held for sale and discontinued operations". The amendment clarifies that a subsidiary's entire assets and liabilities must be classified as being held for sale where a plan for a partial divestment results in the loss of controlling influence. Where the definition of discontinued operations is fulfilled, necessary disclosure must be provided regarding such a subsidiary. The Group has held no non-current assets for sale and discontinued operations during the first half of 2010, and the amendment has had no effect on previously executed divestments. Thus, this amendment has had no impact on the consolidated financial statements.

The accounting principles are otherwise unchanged compared with the annual accounts for 2009 and are based on International Financial Reporting Standards as adopted by the EU and consequential references to Chapter 9 of the Annual Accounts Act. The accounts of the parent company have been prepared in accordance with RFR 2.3 and the Annual Accounts Act.

Affirmation

The Board of Directors and CEO hereby affirm that the interim report provides a fair and true overview of the operations, financial position and results of the Company and the Group and describes material risks and uncertainty factors facing the Company and the Group.

Stockholm, July 21, 2010

Sverker Martin-Löf
Chairman of the Board

Carl Bennet
Director

Sture Bergvall
Director

Anders G Carlberg
Director

Uno Granbom
Director

Marianne Nivert
Director

Anders Nyrén
Director

Per Scheikl
Director

Matti Sundberg
Director

John Tulloch
Director

Lars Westerberg
Director

Olof Faxander
President and CEO

Review report

We have conducted a review of the interim report for SSAB AB (publ) for the period January 1 to June 30, 2010. The Board of Directors and President are responsible for preparing and presenting this interim report in accordance with IAS 34 and the Annual Accounts Act. Our responsibility is to express a conclusion regarding this interim report based on our review.

We have performed our review in accordance with the Swedish Standard on Review Engagements, SÖG 2410, "Review of interim reports performed by the independent auditors of the entity". A review consists of making enquiries, primarily to persons responsible for financial issues and accounting issues, performing analytical reviews and taking other general review measures. A review has a different focus and is significantly less extensive than the focus and scope of an audit in accordance with Auditing Standards in Sweden, RS and generally accepted auditing standards in general. The review measures taken in conjunction with a review mean that is not possible for us to acquire such a degree of certainty that we will become aware of all important circumstances which might have been identified had an audit been performed. Accordingly, the conclusion expressed based on a review does not have the certainty of a conclusion expressed based on an audit.

Based on our review, no circumstances have come to light which give us cause to believe that the interim report is not, in all essential respects, prepared with respect to the Group in accordance with IAS 34 and the Annual Accounts Act and, with respect to the Parent Company, in accordance with the Annual Accounts Act.

Stockholm, July 21, 2010

PricewaterhouseCoopers AB

Claes Dahlén

Authorized Public Accountant

Sensitivity analysis

The approximate full year effect on profit after financial items and earnings per share of changes in significant factors is shown in the sensitivity analysis below.

	Change,%	Effect on profit, SEK millions	Effect on earnings per share, SEK 3)
Steel prices – steel operations	10	2,950	6.70
Volumes – steel operations	10	430	1.00
Iron ore prices 1)	10	500	1.10
Coal prices 1)	10	220	0.50
Scrap metal prices 1)	10	640	1.45
Interest rates	1 percentage point	140	0.30
Krona index 2)	5	250	0.55

1) Calculated based on the cost level during the first half of the year.
2) Calculated based on SSAB's exposure without hedging. If the krona is weakened, this has a positive effect.
3) Calculated based on a tax rate of 26.3%.

Production and shipments

Thousand tonnes	1/09	2/09	3/09	4/09	1/10	2/10
Crude steel production						
- SSAB EMEA	492	418	233	744	874	941
- SSAB Americas	280	278	514	594	585	599
- Total	772	696	747	1,338	1,459	1,540
Steel production						
- SSAB EMEA	372	441	285	652	738	764
- SSAB Americas	260	262	477	564	558	553
- Total	632	703	762	1,216	1,296	1,317
Steel shipments 1)						
- SSAB EMEA	344	341	295	495	547	600
- SSAB Americas	308	319	510	577	565	610
- SSAB APAC	26	25	25	33	70	58
- Total	678	685	830	1,105	1,182	1,268
of which						
- AHSS, SSAB EMEA 2)	64	71	59	88	111	130
- Quenched steels, SSAB EMEA	63	29	29	46	59	75
- AHSS, SSAB Americas 2)	45	40	99	192	86	79
- Quenched steels, SSAB Americas	25	23	29	31	40	51
- AHSS, SSAB APAC 2)	11	10	11	14	19	26
- Quenched steels, SSAB APAC	15	15	13	19	25	31
- Total niche products	223	188	240	390	340	392

1) Including subcontract rolling.
2) AHSS=Advanced high strength steels.

Consolidated income statement

SEK millions	**2010 Q2**	2009 Q2	**2010 Q1-2**	2009 Q1-2	**July 09-June 10**	2009 Full year
Sales	**10,911**	6,583	**19,776**	14,618	**34,996**	29,838
Costs of goods sold	**-9,459**	-6,959	**-17,514**	-14,602	**-31,932**	-29,020
Gross profit	**1,452**	-376	**2,262**	16	**3,064**	818
Selling and administrative costs	**-807**	-776	**-1,434**	-1,637	**-2,849**	-3,052
Other operating income and expenses 1)	**34**	191	**12**	544	**103**	635
Affiliated companies, profit after tax	**29**	9	**36**	-9	**52**	7
Operating profit/loss	**708**	-952	**876**	-1,086	**370**	-1,592
Financial income	**10**	-31	**30**	60	**20**	50
Financial expenses	**-94**	-113	**-199**	-285	**-433**	-519
Profit/loss for the period after financial items	**624**	-1,096	**707**	-1,311	**-43**	-2,061
Tax	**-70**	460	**-1**	828	**353**	1,182
Profit/loss for the period after tax for continuing operations	**554**	-636	**706**	-483	**310**	-879
Profit for the period after tax for discontinued operations 2)	**-164**	0	**-164**	0	**-295**	-131
Profit/loss for the period after tax	**390**	-636	**542**	-483	**15**	-1,010
Of which attributable to:						
- the parent company's shareholders	**369**	-633	**512**	-470	**-20**	-1,002
- non-controlling interests	**21**	-3	**30**	-13	**35**	-8

Key numbers	**2010 Q2**	2009 Q2	**2010 Q1-2**	2009 Q1-2	**July 09-June 10**	2009 Full year
Return on capital employed before tax (%)	**-**	-	**-**	-	**1**	neg
Return on equity after tax (%)	**-**	-	**-**	-	**0**	neg
Earnings per share (SEK) 3)	**1.14**	-1.95	**1.58**	-1.45	**-0.07**	-3.09
- of which continuing operations (SEK) 3)	**1.64**	-1.95	**2.09**	-1.45	**0.85**	-2.69
Equity per share (SEK)	**101.35**	101.91	**101.35**	101.91	**101.35**	95.21
Equity ratio including non-controlling interests (%)	**51**	50	**51**	50	**51**	51
Net debt/equity ratio (%)	**49**	52	**49**	52	**49**	49
Average number of shares during the period (millions)	**323.9**	323.9	**323.9**	323.9	**323.9**	323.9
Number of shares at end of period (millions)	**323.9**	323.9	**323.9**	323.9	**323.9**	323.9
Average number of employees	**-**	-	**-**	-	**8,163**	8,334

1) The results for the quarter include primarily exchange rate profits on operating receivables/liabilities of SEK 18 (32) million and sales of emission rights of SEK 0 (173) million.
2)'Discontinued operations' means the tubular business in North America divested in 2008. The cost represents a provision for warranty undertakings to the buyer regarding tax.
3) There are no outstanding share instruments, and thus no dilution is relevant.

Consolidated statement of comprehensive income

SEK millions	**2010 Q2**	2009 Q2	**2010 Q1-2**	2009 Q1-2	**July 09-June 10**	2009 Full year
Profit/loss for the period after tax	**390**	-636	**542**	-483	**15**	-1,010
Other comprehensive income						
Translation differences for the period	**2,327**	-2,451	**2,403**	-82	**266**	-2,219
Cash flow hedging	**5**	0	**7**	0	**5**	-2
Hedging of currency risks in foreign operations	**-804**	909	**-834**	-193	**-166**	475
Share in other comprehensive income of affiliated companies and joint ventures	**-1**	-7	**8**	7	**17**	16
Tax attributable to other comprehensive income	**211**	-239	**218**	51	**42**	-125
Other comprehensive income for the period, net after tax	**1,738**	-1,788	**1,802**	-217	**164**	-1,855
Total comprehensive income for the period	**2,128**	-2,424	**2,344**	-700	**179**	-2,865
Of which attributable to:						
- parent company's shareholders	**2,107**	-2,419	**2,314**	-687	**144**	-2,857
- non-controlling interests	**21**	-5	**30**	-13	**35**	-8

Consolidated statement of changes in equity

	Equity attributable to the parent company's shareholders						
SEK millions	Share capital	Other contributed funds	Reserves	Retained earnings	Total	Non-controlling interests	Total equity
Equity, December 31, 2008	2,851	9,944	939	21,260	34,994	199	35,193
<u>Changes Jan 1 – Jun 30, 2009</u>							
Total comprehensive income for the period			-217	-470	-687	-13	-700
Dividend				-1,296	-1,296	-30	-1,326
Equity, June 30, 2009	2,851	9,944	722	19,494	33,011	156	33,167
<u>Changes Jul 1 – Dec 31, 2009</u>							
Total comprehensive income for the period			-1,638	-532	-2,170	5	-2,165
Dividend					0		0
Equity, December 31, 2009	2,851	9,944	-916	18,962	30,841	161	31,002
<u>Changes Jan 1 – Jun 30, 2010</u>							
Total comprehensive income for the period			1,802	512	2,314	30	2,344
Dividend				-324	-324	-15	-339
Equity, June 30, 2010	**2,851**	**9,944**	**886**	**19,150**	**32,831**	**176**	**33,007**

There were 323,934,775 shares with a quotient value of SEK 8.80.

Consolidated balance sheet

SEK millions	**June 30 2010**	June 30 2009	Dec 31 2009
Assets			
Goodwill	**21,220**	21,032	19,701
Other intangible assets	**5,333**	6,192	5,374
Tangible fixed assets	**17,687**	17,562	17,137
Participations in affiliated companies	**394**	332	348
Financial assets	**58**	55	55
Deferred tax receivables	**461**	279	164
Total fixed assets	**45,153**	45,452	42,779
Inventories	**10,393**	9,893	8,221
Accounts receivable	**6,270**	4,454	4,435
Current tax receivables	**518**	637	667
Other current receivables	**848**	548	665
Cash and cash equivalents	**1,345**	5,230	3,652
Total current assets	**19,374**	20,762	17,640
Total assets	**64,527**	66,214	60,419
Equity and liabilities			
Equity for shareholders in the company	**32,831**	33,011	30,841
Non-controlling interests	**176**	156	161
Total equity	**33,007**	33,167	31,002
Deferred tax liabilities	**5,384**	5,585	5,283
Other non-current provisions	**280**	433	550
Non-current interest-bearing liabilities	**15,585**	18,666	14,878
Total non-current liabilities	**21,249**	24,684	20,711
Current interest-bearing liabilities	**2,026**	3,833	3,998
Current tax liabilities	**139**	119	96
Accounts payable	**5,424**	2,131	3,063
Other current liabilities	**2,682**	2,280	1,549
Total current liabilities	**10,271**	8,363	8,706
Total equity and liabilities	**64,527**	66,214	60,419

Cash flow

SEK millions	**2010 Q2**	2009 Q2	**2010 Q1-2**	2009 Q1-2	**July 09-June 10**	2009 Full year
Operating profit/loss	**708**	-952	**876**	-1,086	**370**	-1,592
Adjustments for depreciation and impairment	**630**	633	**1,241**	1,285	**2,462**	2,506
Adjustment for other non-cash items	**-36**	-77	**-49**	-182	**-317**	-450
Received and paid interest	**-118**	-126	**-192**	-377	**-326**	-511
Tax paid	**-125**	-77	**140**	-1,127	**324**	-943
Change in working capital	**-737**	2,611	**-1,066**	3,299	**770**	5,135
Cash flow from operations	**322**	2,012	**950**	1,812	**3,283**	4,145
Capital expenditure payments	**-466**	-510	**-822**	-1,024	**-1,710**	-1,912
Divested companies and businesses	**-86**	-1	**-85**	30	**-84**	31
Other investing activities	**1**	120	**27**	192	**45**	210
Cash flow from investing activities	**-551**	-391	**-880**	-802	**-1,749**	-1,671
Dividend	**-324**	-1,296	**-324**	-1,296	**-324**	-1,296
Change in loans	**523**	371	**-1,280**	2,838	**-4,877**	-759
Change in financial investments	**0**	0	**0**	142	**0**	142
Other financing activities	**-766**	915	**-822**	-184	**-182**	456
Cash flow from financing activities	**-567**	-10	**-2,426**	1,500	**-5,383**	-1,457
Cash flow for the period	**-796**	1,611	**-2,356**	2,510	**-3,849**	1,017
Cash and cash equivalents at beginning of period	**2,097**	3,632	**3,652**	2,713	**5,230**	2,713
Exchange rate difference in cash and cash equivalents	**44**	-13	**49**	7	**-36**	-78
Cash and cash equivalents at end of period	**1,345**	5,230	**1,345**	5,230	**1,345**	3,652

The business areas' sales, earnings and return on capital employed

	Sales				Sales, external		Operating profit/loss		Return on capital employed (%) 4)	
SEK millions	**2010 Q1-2**	2009 Q1-2	Change in %	Change in % 3)	**2010 Q1-2**	2009 Q1-2	**2010 Q1-2**	2009 Q1-2	**July 09-June 10**	2009 Full year
SSAB EMEA	**10,514**	7,965	32%	38%	**8,125**	6,507	**552**	-800	**neg**	neg
SSAB Americas	**7,179**	4,509	59%	72%	**7,157**	4,460	**468**	-106	**1**	neg
SSAB APAC	**1,277**	919	39%	48%	**1,277**	838	**106**	75	**17**	13
Tibnor	**3,308**	2,897	14%	17%	**3,217**	2,813	**267**	-94	**18**	neg
Amortization on surplus values 1)							**-456**	-511		
Other 2)	**-2,502**	-1,672					**-61**	350	**-**	-
Total	**19,776**	14,618	35%	44%	**19,776**	14,618	**876**	-1,086	**1**	neg

1) Depreciation and amortization on surplus values on intangible and tangible assets related to the acquisition of IPSCO.
2) "Other" includes a profit of SEK 0 (300) million on sales of emission rights.
3) Adjusted for changes in exchange rates.
4) SSAB's return is calculated based on operating profit including depreciation and amortization on surplus values.

The Group's results per quarter

SEK millions	1/09	2/09	3/09	4/09	1/10	2/10
Sales	8,035	6,583	6,936	8,284	8,865	10,911
Operating expenses	-7,499	-6,911	-7,269	-7,252	-8,093	-9,602
Depreciation	-652	-633	-611	-610	-611	-630
Affiliated companies	-18	9	8	8	7	29
Financial items	-81	-144	-162	-82	-85	-84
Profit/loss after financial items	**-215**	**-1,096**	**-1,098**	**348**	**83**	**624**

Sales per quarter and business area

SEK millions	1/09	2/09	3/09	4/09	1/10	2/10
SSAB EMEA	4,414	3,551	3,168	4,119	4,836	5,678
SSAB Americas	2,566	1,943	2,909	3,295	3,142	4,037
SSAB APAC	427	492	341	323	589	688
Tibnor	1,578	1,319	1,122	1,267	1,474	1,834
Other	-950	-722	-604	-720	-1,176	-1,326
Sales	**8,035**	**6,583**	**6,936**	**8,284**	**8,865**	**10,911**

Operating profit/loss per quarter and business area

SEK millions	1/09	2/09	3/09	4/09	1/10	2/10
SSAB EMEA	-43	-757	-1 078	185	214	338
SSAB Americas	1	-107	327	374	134	334
SSAB APAC	13	62	8	-13	10	96
Tibnor	-82	-12	62	-6	79	188
Amortization on surplus value 1)	-263	-248	-222	-209	-223	-233
Other	240	110	-33	99	-46	-15
Operating profit/loss	**-134**	**-952**	**-936**	**430**	**168**	**708**

1) Depreciation and amortization on surplus values on intangible and tangible assets related to the acquisition of IPSCO.

The Parent Company's income statement

SEK millions	**2010 Q2**	2009 Q2	**2010 Q1-2**	2009 Q1-2	**July 09- June 10**	2009 Full year
Gross profit	**0**	0	**0**	0	**0**	0
Administrative expenses	**-65**	-40	**-107**	-89	**-183**	-165
Other operating income and expense 1)	**-127**	39	**-123**	200	**-201**	122
Operating profit/loss	**-192**	-1	**-230**	111	**-384**	-43
Dividend from subsidiaries	**0**	0	**85**	412	**104**	431
Financial items	**-52**	-87	**-111**	-104	**-263**	-256
Profit/loss after financial items	**-244**	-88	**-256**	419	**-543**	132
Appropriations	**0**	5	**0**	5	**0**	5
Tax	**25**	-19	**45**	-45	**101**	11
Profit/loss after tax	**-219**	-102	**-211**	379	**-442**	148

The Parent Company's balance sheet

SEK millions	**June 30 2010**	June 30 2009	Dec 31 2009
Assets			
Fixed assets	**37,052**	36,796	36,786
Other current assets	**10,195**	11,945	10,109
Cash and cash equivalents	**961**	4,560	2,184
Total assets	**48,208**	53,301	49,079
Equity and liabilities			
Restricted equity	**3,753**	3,753	3,753
Unrestricted equity	**24,378**	25,592	25,528
Total equity	**28,131**	29,345	29,281
Untaxed reserves	**652**	652	652
Non-current liabilities and provisions	**15,397**	18,876	14,957
Current liabilities and provisions	**4,028**	4,428	4,189
Total equity and liabilities	**48,208**	53,301	49,079

1) Earnings for the first half of the year includes profit on the sale of emission rights of SEK 0 (300) million, of which SEK 0 (160) million in the second quarter.

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Report for the third quarter:

The report for the third quarter will be published on October 28, 2010.

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