



## Annual Report 2002

*SSAB shall consolidate its position as a specialty steel company within the commercial steels sector with products that create significant added value through their strength, formability, and abrasion-resistance. The added value shall be created in close co-operation with the customer and benefit both the customer and SSAB.*



### Shareholders' meeting

The Annual General Meeting of the Shareholders will be held in Oxelösund on Thursday, April 24, 2003 at 1 p.m.

To be entitled to participate at the Annual General Meeting of the Shareholders, shareholders must be included in the printout of the share register that is made on Monday, April 14, 2003, and must notify SSAB of their intention to participate at the meeting not later than 12 noon on Thursday, April 17, 2003.

### Nominee-registered shares

Shareholders whose shares are registered in the name of a nominee must register their shares in their own names in order to be entitled to participate at the shareholders' meeting. Temporary owner-registration (voting registration) should be effected in due time prior to April 14, 2003.

### Notice

Notice in respect of participation at the shareholders' meeting shall be made by letter, telefax, or telephone to:

SSAB Svenskt Stål AB, Corporate Control  
Box 26208, SE 100 40 Stockholm  
Telephone: +46 8-45 45 700, fax: +46 8-45 45 705

The name, personal identification number (company registration number), address and telephone number of the shareholder must be provided in the notice.

Notices must be received by SSAB not later than 12 noon on Thursday, April 17, 2003, at which time the notice period expires.

### Nomination committee

*Leif Gustafsson*, Chairman of the Board of Directors

*Björn Franzon*, Vice President, Fourth AP-fund

*Marianne Nilsson*, Deputy Head of Equities, Robur

*Anders Nyren*, President, Industrivärden

The nomination committee presents proposals to the shareholders' meeting concerning the election of members of the Board of Directors and auditors, as well as remuneration for the Board of Directors.

### Dividends

April 29, 2003 is proposed as the record date for the right to receive dividends. It is anticipated that payment of dividends will be effected through VPC on May 5, 2003.

The Board of Directors and the President propose that the shareholders' meeting resolve upon the payment of a dividend for 2002 in the amount of SEK 6 per share.

### Financial information

SSAB intends to present the following information for the 2003 financial year:

Report for the first quarter, April 24, 2003

Half-year report, July 21, 2003

Report for the first three quarters, October 23, 2003

Results for 2003, 11 February 2004

Annual report, March 2004

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### SSAB Svenskt Stål AB (publ) Reg. no. 556016-3429

Joe Brig Art AB, Gothenburg.

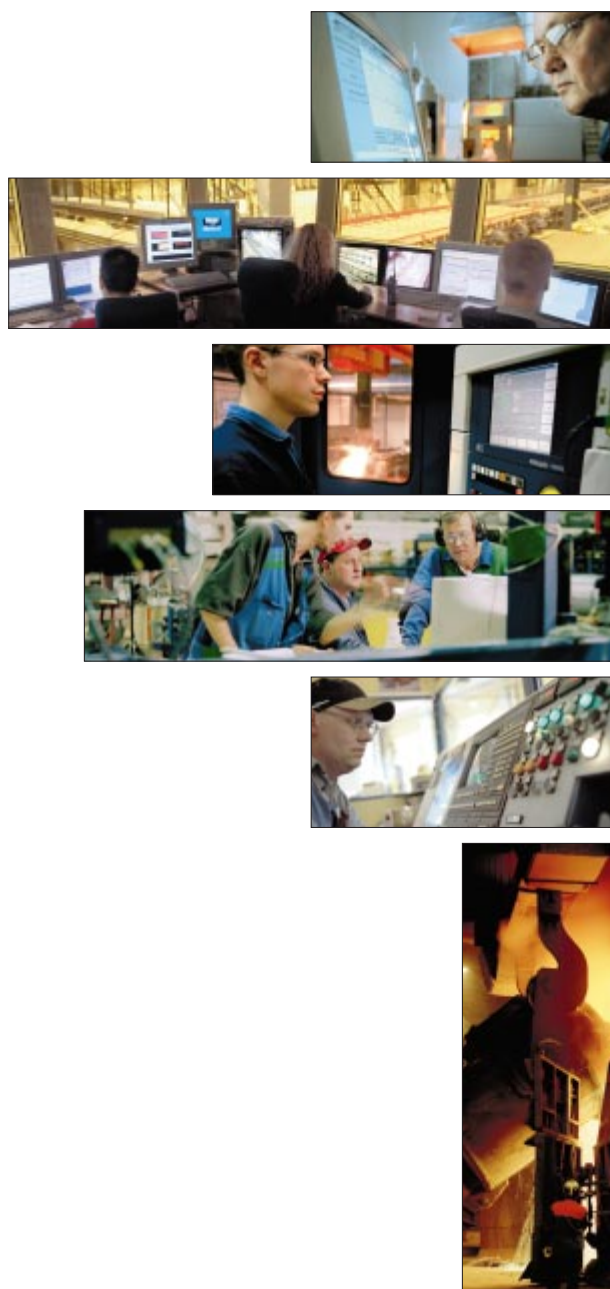
Photo: Dag Sundberg, Elisabeth Ohlson,

Hans Wretling, Bo Björkdahl, Claes Löfgren.

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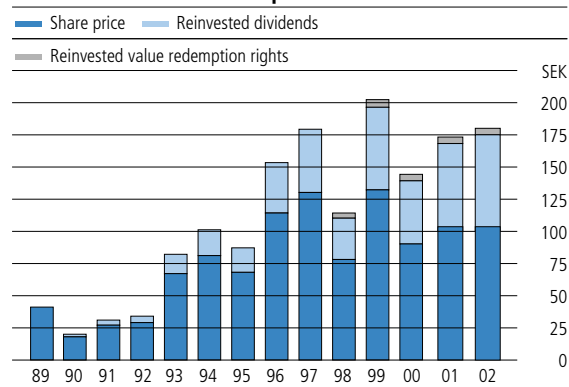
# Operations in summary

	1998	1999	2000	2001	2002
Sales (SEK millions)	17,835	16,807	19,271	19,682	<b>19,271</b>
Profit after financial items (SEK millions)	1,424	467	1,870	913	<b>816</b>
Investments in plants and facilities (SEK millions)	2,035	1,218	1,701	933	<b>902</b>
Cash flow (SEK millions)	– 604	436	– 406	151	<b>1,208</b>
Net debt (SEK millions)	1,644	1,728	3,085	3,659	<b>3,120</b>
Capital employed (SEK millions)	12,864	12,747	14,412	14,558	<b>13,941</b>
Total assets (SEK millions)	17,126	17,255	19,351	19,128	<b>18,476</b>
Return on capital employed before taxes (%)	11	5	15	8	<b>8</b>
Return on equity after taxes (%)	8	3	14	6	<b>6</b>
Equity ratio (%)	58	56	50	51	<b>53</b>
Net debt/equity ratio (%)	17	18	32	38	<b>32</b>
Dividend per share (SEK) – 2002 proposal	4.50	4.50	5.00	5.00	<b>6.00</b>
Earnings per share (SEK)	8.20	2.50	12.00	6.10	<b>5.70</b>
Average number of employees	9,661	9,529	9,831	9,809	<b>9,290</b>
Production of crude steel (thousands of tonnes)	3,390	3,398	3,411	3,820	<b>3,881</b>

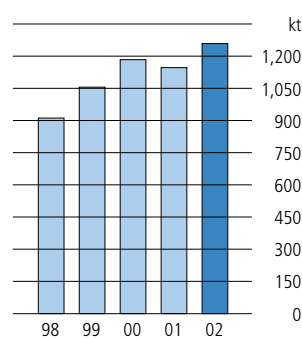
Definitions are set forth in note 21.



## SSAB share value development



## Deliveries of niche products



The diagram to the left shows the increase in value of one share in SSAB subscribed for at a price of SEK 35 when the SSAB share was listed in 1989. It has been assumed that dividend and redemption rights received have been reinvested in SSAB shares. Since 1989, this has resulted in an average increase in value of 13% per year.

Deliveries of the niche products, high-strength sheet and quenched steels, increased by 10% during the year.

# Strategy and goals



## Strategy

SSAB is one of the medium-sized steel companies in Western Europe. The Group's steel operations have been successfully developed through a deliberate niche orientation. This strategic focus will be maintained through a strong focus on several selected product segments in which a pre-eminent market position and high cost efficiency can be achieved.

On neighbouring markets on which significant situational advantages and good possibilities exist for profitability, the steel operations will be able to provide a complete range of sheet and plate. The Group's trading and processing operations will be actively utilised on neighbouring markets so that the steel operations' already strong position and high market shares can be further strengthened.

In the plate area, the focus is on quenched steels, i.e. abrasion-resistant steels and high-strength construction steels, in which the Group is already a world leader. The focus within the sheet area is on high-strength steels, especially extra and ultra high-strength sheet, in which the Group is one of the leading companies in Europe.

Growth in these niche areas has been more rapid than for the steel market in general and deliveries of these products have increased substantially during the most recent five-year period, as is evident from the diagram on the preceding page. The investments carried out within the Group's steel operations at the end of the 1990s, which were completed in 2001, render possible a continued strong growth within these niche areas.

By using quenched steels or high-strength sheet, customers are able to improve their products and thereby their profitability. This creation of added value is a process that often takes place in close cooperation with the customer. The added value that is created benefits both the customer and SSAB and thereby ensures continued good profitability for the Group.

## Financial goals

### Capital Structure

The Group's operations are very dependent on the business cycle. Individual investment projects within the steel operations may, in addition, be extremely large and thus the equity ratio should be relatively high.

The goal is that the equity ratio shall amount to approx. 50% and the net debt/equity ratio to approx. 30%.

### Dividends

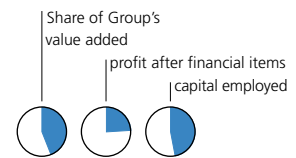
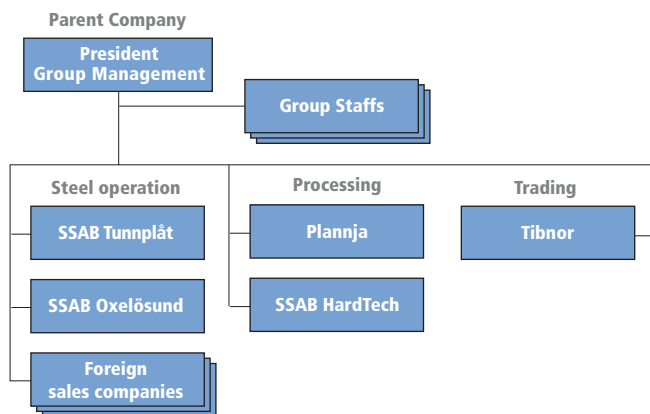
Dividends shall be adapted to the average profit level over a business cycle and, in the long-term, shall constitute 30–50% of profit after tax.

### Profitability

In order to ensure long-term development, and taking into consideration the equity ratio requirement and the dividend policy, the goal is that the average return on equity after tax over a business cycle shall be at least 6 percentage points higher than the return on 10-year government bonds.



# Organisation



## SSAB Tunnplåt

SSAB Tunnplåt is the largest manufacturer of sheet in the Nordic region and one of the leading companies in Europe within the area of high-strength sheet. The high-strength sheet is used, among other things, within the automotive industry and by crane manufacturers. Ordinary sheet is primarily used within the engineering and construction industries.



## SSAB Oxelösund

SSAB Oxelösund is the world's leading producer of quenched steels, i.e. abrasion-resistant steels and high-strength construction steels. These are used, among other things, in construction machinery, mining equipment, cranes, and bridges. Ordinary plate is used within shipbuilding and general engineering.



## Plannja

Plannja is one of Europe's leading building sheet companies. Plannja processes sheet into, among other things, roofing tiles and rainwater run-off products. Sandwich-type prefabricated building sections are also being manufactured to an increasing degree.



## SSAB HardTech

SSAB HardTech develops, manufactures, and markets press-hardened safety components for the automotive industry. The product range includes side impact beams, bumper beams, and components for the car's safety cage.



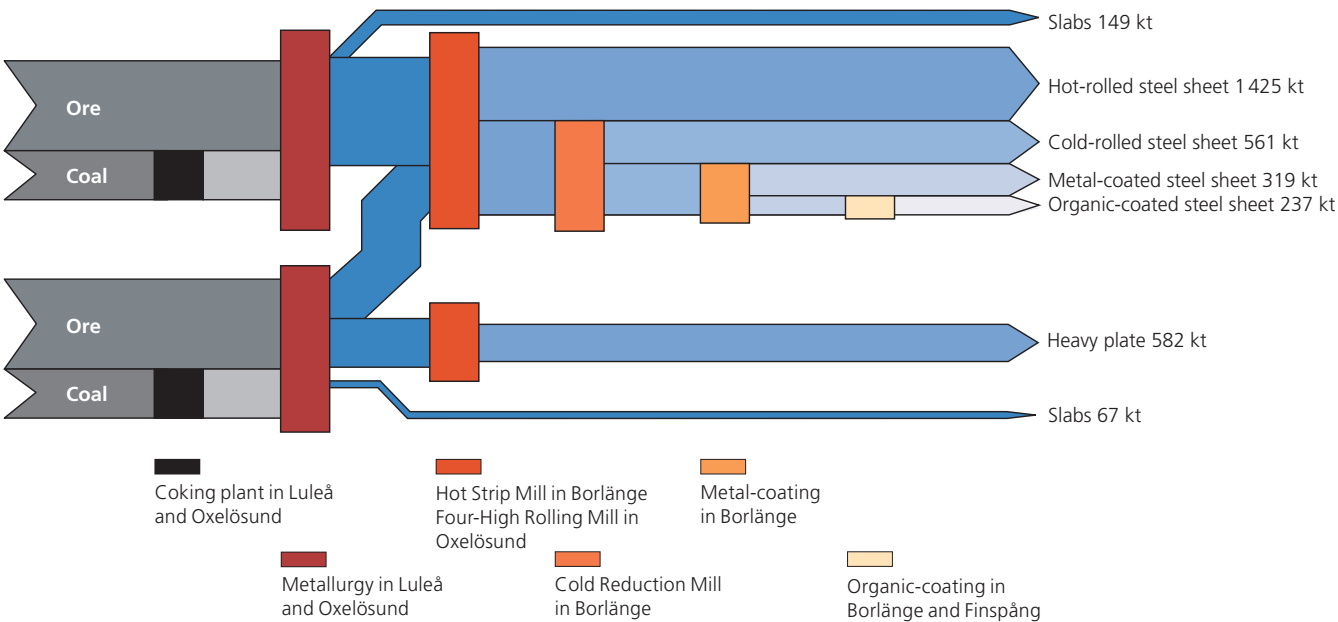
## Tibnor

Tibnor is the leading Swedish commercial steel company with a range of commercial steels, special steels, pipes, and stainless steels. Metals and building-related products supplement the product range.

# Production flow



Steel operation production flow



# Comments by the Chief Executive Officer



## 25 years since SSAB was formed

2002 was our twenty-fifth year of operations. In itself, 25 years is not a long time in the steel industry. On the other hand, it is possible to note that the past 25 years have involved very great changes both for us and the steel industry in general.

SSAB was created at a time when the steel industry in Western Europe was in deep crisis. Thus, the first years were devoted to restructuring the steel operations and recreating a profitable business. During this period, an important strategic decision was taken to develop competitive sheet operations.

Following these changes, we began to generate profits. However, the product range continued to be wide with an emphasis on bulk products, and the lack of economies of scale in the sheet operations was a severe disadvantage.

Accordingly, a further significant restructuring within the steel operations was carried out during 1987–89. The product range was streamlined and concentrated on sheet and plate, and capacity within the sheet operations was increased by approx. 50% in order to create the necessary economies of scale.

The plate operations had gradually become increasingly concentrated on quenched steels – extremely abrasion-resistant or high-strength steels. In the beginning of the 1990s we took yet a further important strategic decision, namely to develop also the sheet operations as a niche player specialising in high-strength products.

During the second half of the 1990s, we had reached full capacity utilisation with respect to our niche products within both the sheet and plate operations. We then invested SEK 3,500 million in order to create the plant conditions necessary for continued growth of our niche products.

## The strategy remains firm

During the past ten years, deliveries of our niche products of high-strength sheet and quenched steels have increased at an average rate of 12% per year. Thus, the niche products have accounted for the entire growth within the steel operations, while the more standardised products have declined somewhat in volume.

Accordingly, our focus on quenched steels and high-strength sheet has been successful. Admittedly, these markets are small – which is a prerequisite for succeeding with a niche strategy – but they are growing at 5–7% per year, i.e. faster than the steel market in general.

We believe that we can continue to grow within these niche markets. Today we are the leading company for quenched steels with a global market share of approx. 20%. Within the sheet operations, during the past few years market growth has taken place primarily with

respect to the extremely high-strength steels – extra and ultra high-strength sheet – where we have created a strong position. During the five-year period commencing 2002, it should be possible to increase deliveries of quenched steels by 50%, and deliveries of extra and ultra high-strength sheet by 100%.

Future market development will largely take place in cooperation with our customers. It is through such cooperation that we are able, together, to identify new solutions in which our high-strength products create added value for our customers. By sharing this added value we thereby are also able to maintain significantly stronger margins for our niche products than for standard products.

Another important component in our strategy is the domestic market – Scandinavia – on which we enjoy clear advantages of proximity compared with our competitors. We will continue to sell both niche and standard products on this market. Our processing and trading companies – Plannja, SSAB HardTech, and Tibnor – play an important role on the domestic market. Through these companies, we will be able to maintain and preferably strengthen our already pre-eminent position.

## A mixed year for steel

2002 was a mixed year for steel. From a global perspective, the year was relatively strong. Steel consumption is believed to have increased by 6% to a new record level of almost 830 million tonnes. However, strong growth occurred on only a few markets, primarily China, where steel consumption is believed to have increased by more than 20%. Excluding China, global growth is believed to have been only 2%.

China has thereby become the world's largest steel market. China is also starting to become an interesting market for our niche products and, during 2002, we increased our sales to China by more than 70% to approx. SEK 150 million.

In Europe, the steel business cycle peaked in the middle of 2000 and steel consumption thereafter began to decline, albeit at a relatively moderate pace. This trend continued during the first half of 2002, after which steel consumption stabilised.

Prices came under pressure during 2001 as a result of the decreased demand for steel, and in the first quarter of 2002 prices in the steel operations were just over 10% lower than the average for 2001. However, the major producers in Western Europe thereafter began to give priority to price over volume. As a consequence, it was subsequently possible to gradually increase prices for sheet products.

However, as a consequence of the weak start to the year, prices in Swedish kronor were, on aggregate, 5%



lower than in 2001. Thus, in combination with increased raw materials costs, margins in the steel operations weakened by SEK 350 million compared with 2001.

#### **Focus on niche products, costs, and cash flow**

In order to offset lower margins in the steel operations, we focused during the year on measures in order to:

- increase volumes of niche products;
- keep our fixed costs – processing costs – constant in absolute terms, notwithstanding increased volumes and wage increases of approx. 3%;
- create a strong positive free cash flow.

We succeeded in increasing deliveries of quenched steels by 6% and of extra and ultra high-strength sheet by 17%, despite the fact that, generally speaking, with the exception of China, the market was not stronger. Consequently, with respect to extra and ultra high-strength sheet we enjoyed a rate of growth in line with our target of doubling volumes during a five-year period. With respect to quenched steels, we experienced a weak trend on our largest market, Germany, and were affected by customs tariffs on our exports to the United States. Even if growth in 2002 was somewhat below expectations, I see no reason to revise our target of increasing volumes of quenched steels by 50% during a five-year period.

In absolute terms, processing costs were somewhat lower than in 2001, among other things due to the fact that it was possible to increase productivity in the steel operations by 9%, while the number of employees in Tibnor was reduced by almost 10%. Finally, cash flow was just over SEK 1,200 million – a significant improvement over 2001.

The focus on these three areas has thus yielded results and provides an important explanation as to why, notwithstanding weaker margins in the steel operations, we have been able to report a profit which, excluding non-recurring items, is approximately unchanged compared with 2001.

#### **Carbon dioxide emission rights may become a threat in the future**

Within the EU, a system is being prepared with respect to carbon dioxide emission rights which covers a number of industries, including ore-based steel production. It is intended that the system will enter into force in 2005. It will be possible to buy and sell the emission rights and such rights constitute one of the tools which are intended to be used in order to fulfil the undertakings given in the Kyoto Protocol.

Our steel production is entirely ore-based. Coal is a

necessary raw material in all such steel production and no realistic alternatives are available. Thus, carbon dioxide is also formed as an unavoidable by-product in conjunction with all ore-based steel production. Since coal constitutes a major cost, coal consumption has, of course, been gradually reduced through various measures. Our ore metallurgy today probably has the lowest carbon dioxide emissions in the world per produced tonne of steel.

However, we are beginning to approach the theoretically feasible limits. Thus, the potential for additional improvements is limited. If we are to reduce total carbon dioxide emissions further, we must therefore reduce slab production. The alternative is to purchase emission rights on the market. However, the assessments that have been made regarding the price for such rights indicate that, in such case, our marginal costs would probably increase by approx. SEK 300 per tonne – a sum which equals the entire labour cost for one tonne of steel slabs.

If we reduce our steel production, these volumes will be manufactured elsewhere in the world – just over half of global steel production takes place in countries outside the Kyoto Protocol – and, in such case, at plants with higher carbon dioxide emissions per produced tonne of slabs. Thus, paradoxically, the net effect will probably be an increase in global emissions of carbon dioxide.

The allocation of emission rights between different companies and plants will be decided upon by each country within the EU, albeit under the supervision of the EU Commission. However, taking into consideration the major economic consequences resulting from the emission rights, such a procedure runs the risk of seriously distorting competition between steel companies within the EU.

Thus, trade in carbon dioxide emission rights may, in the future, threaten our ore-based steel production. We have conveyed our views to politicians within both Sweden and the EU and have proposed, instead, a harmonised system within the EU which would reward steel production with low emissions per produced tonne of slabs and punish production which results in high emissions.

#### **Unchanged focus in 2003**

In 2003, we will continue to focus on measures to increase niche product volumes, maintain control over processing costs, and secure a positive cash flow.

We will thereby further strengthen our competitiveness and our profile as a niche steel company within the commercial steels area.



Anders Ullberg

# High-strength sheet creates added value for container manufacturers and users

Developments within the sheet area focus on high-strength steels, particularly extra and ultra high-strength sheet. Major investments were carried out at the end of the 1990s in order to create the conditions for continued strong growth within this niche area. In addition, investments are currently underway to expand capacity for cutting to length of extra and ultra high-strength sheet and thereby render possible an increase in deliveries of customer-adapted material.

## Development in cooperation with the customer

Development work is always based on the customer and the customer's needs. Through active development cooperation with the customer, based on knowledge of the unique characteristics of different steels, added value is created. Through the use of extra and ultra high-strength sheet, the weight can be reduced in a given design. Conditions are thereby created for increased load bearing capacity, decreased fuel consumption, or considerably enhanced performance for an application of a given weight.

The added value that is created benefits both the customer and SSAB. An important ingredient for success in achieving this added value is that the cooperation is commenced at an early stage, prior to the establishment of the geometry and manufacturing techniques for the design.

Within the sheet operations, there are special applications engineers who, together with designers and production technicians at the customer, engage in product and production development. The application engineers combine their extensive know-how regarding materials and design with an understanding of the customer's conditions and requirements. Through cooperation with the customers, many interesting products are developed in which the advanced qualities of extra and ultra high-strength sheet can be utilised.

## High-strength sheet in containers

The main part of all transports take place in containers. Containers have a simple functional design and standard containers have had basically the same design since use began almost 50 years ago.

Demands for what a container can withstand are defined in standards issued by trade organisations and individual countries. The most stringent demands are imposed for containers which are used solely in domestic traffic, since shorter transports with more frequent loadings and unloadings are involved. At the beginning of the 1980s, especially large containers began to be manufactured of aluminium. The weight of these containers

could thus be reduced by just over 15 percent. In general terms, manufacturing costs were double but it was possible to recoup these additional costs through increased load utilisation. Accordingly, within a short period of time most large containers for the North American domestic market were manufactured of aluminium. The choice of material entailed, however, increased maintenance costs due, among other things, to the difficulties of welding aluminium.

In the middle of the 1990s, SSAB Tunnplåt's applications engineers began investigating the possibilities of using high-strength sheet in containers. Through relatively simple rough calculations, it was perceived that great potential existed for improvements. Notwithstanding that the design was simple and might appear to be fully developed, great possibilities were identified for weight savings by exploiting the qualities of high-strength steels. A more detailed analysis resulted in design changes and more carefully thought out welding solutions. Reinforcement creases were used in order to prevent buckling of the thinner sheet that was used. In addition, optimal combinations of various thicknesses of construction components were used. The work resulted in a concept for a container manufactured of extra and ultra high-strength sheet which did not weigh more than an aluminium container.

The users of containers perceived additional cost benefits from using a container constructed of extra and ultra high-strength sheet in the form of lower maintenance costs and greater lifespan. Based on their comments and experiences, after further development work SSAB Tunnplåt was able to present a concept for containers of the future.

## Jindo Corporation chose extra and ultra high-strength sheet

Jindo Corporation is one of the world's leading manufacturers of containers. The company is Korean but has production facilities in China. Jindo began using high-strength steels in its containers on a small scale at the beginning of the 1990s. When, through its customers, Jindo heard about SSAB's ideas for containers of the future, they contacted SSAB and purchased a sample delivery of extra high-strength sheet. A container was subsequently constructed of this material.

The container met Jindo's high expectations and cooperation commenced. Jindo has subsequently developed its designs and further refined its choice of materials in close cooperation with SSAB Tunnplåt.

In 1999, as a result of the work, Jindo Corporation was able to present an entirely new 53-foot container for



domestic transports in North America. In the United States, there is a national certification standard which imposes stringent requirements for containers used for domestic transports. In order to obtain type approval, the container must withstand 1,000 lifts and relocations as well as 3,000 floor loads in accordance with a rigorous programme.

Jindo's containers are optimised according to these requirements, among other things with an entirely new type of high frequency welded I-joist which renders the floor construction extra resistant to knocks and blows. In addition, the roof construction contains a special section which ensures the dissipation of condensation and rainwater.

Jindo's new 53-foot container is manufactured using Domex 700W and Docol 700 extra and ultra high-strength sheet. Through a combination of design and choice of materials, weight has been reduced to the same level as for corresponding aluminium containers, while production costs are 40 percent lower. In addition, Jindo's studies demonstrate that maintenance costs will be approximately 70 percent lower than for aluminium containers. Furthermore, total economy is positively affected by the fact that the containers need not stand idle pending repairs.

Today, there are already over 10,000 such 53-foot containers of extra and ultra high-strength sheet on the market in the United States. At the Jindo Corporation, it is estimated that the company's market share is approaching 50 percent. Jindo Corporation was awarded the 2002 Swedish Steel Prize in recognition of its new containers.



# SSAB and the environment

## Environmental policy

The Group's environmental policy constitutes the basis for the investments which are made in the environmental area. The environmental policy prescribes that all operations shall be conducted in a resource-efficient and effective manner regarding the use of raw materials, energy, and other natural resources. Each subsidiary has subsequently developed its environmental policy based on the conditions pertaining to its own operations. Responsibility for the environmental work lies with the President of each subsidiary.

## Steel – a recyclable material

Steel is one of the world's most widely used construction materials. It is mainly manufactured from iron ore, but today approx. 40% of production is based on recycled scrap metal, and this portion is increasing.

Steel is constantly being developed and the improvements in qualities result in, among other things, greater strength and increased lifespan. The Group's steel operations focus on the development of precisely these types of high-strength steels. These steels are stronger, have greater durability, and enable the weight of a given construction to be reduced, a factor which coincides with society's demands for more efficient use of materials.

The constant improvements in the qualities of steel, in addition to well-developed recycling, mean that steel fulfils the fundamental conditions for being suited to a resource-efficient and environmentally conscious society.

## Environmental conditions for the operations

The environmental conditions for the production plants within the Group are publicly assessed. These assessments have gradually resulted in the imposition of increasingly stringent environmental requirements on the operations. The subsidiaries submit annual environmental reports to the relevant supervisory authorities. The permitted maximum annual production volumes are shown in the adjacent table.

The Group's operations are subject to more than 190 different environmental conditions, most of which relate to the steel operations. The conditions set forth limits and guidelines relating to emissions, noise, disposals, etc. In most cases, the actual emissions are significantly lower than the limits established by the authorities.

No limits have been exceeded. The Group has not been involved in any environmentally-related disputes and maintains liability insurance covering damage to third parties, as well as environmental damage insurance

Permitted production volumes	Place	Kt
Coke	Luleå	830
	Oxelösund	530
Hot metal	Luleå	2,300
	Oxelösund	1,700
Crude steel	Luleå	2,500
	Oxelösund	1,900
Hot-rolled sheet	Borlänge	3,200
	Oxelösund	820
Pickled sheet	Borlänge	2,500
Cold-rolled sheet	Borlänge	1,400
Annealed sheet	Borlänge	650
Hot-dip galvanized sheet	Borlänge	400
Aluminium zinc-coated sheet	Borlänge	280
Organic coated products	Borlänge	140
	Luleå	85
	Gothenburg	30
	Sundsvall	30
	Köping	12
	Malmö	10
	Finspång	40 million m <sup>2</sup>
Press-hardened sheet	Luleå	35

prescribed by law. According to inventories carried out, there is no current need for any land cleanup of financial significance.

## Organisation of the environmental work

Within the steel operations, the day-to-day environmental work is coordinated within special departments. These departments work in close cooperation with the production departments and provide advice and support concerning the external environment. The departments also handle permit applications, monitor legislative and contractual changes, and oversee compliance with the environmental policy. Within the processing and trading operations, the environmental and quality assurance work is often carried out within the same department.

There is an intra-Group body for coordination with respect to the external environment, namely the Environmental Council. The Council consists of the Group's technical director and environmental managers from the major subsidiaries.

Guideline systems for the environment constitute an important aspect of the operational system at each subsidiary. This ensures that environmental work constitutes an integral part of the operations and that relevant requirements are imposed, e.g. in conjunction with purchases of raw materials, changes in products and production plants, or in conjunction with the development of production techniques.

An increasingly important part of the operations of subsidiaries is the monitoring and verification of effects

The monitoring of emissions into the air and water, and their effects on fauna and flora, are important everyday activities.



on the immediate environment. Emissions are measured in accordance with established control programs and reported to the respective supervisory authorities. The controls consist of emission measurements and recipient controls. Continuous measurements is becoming increasingly common. Recipient controls take place, among other things, through fishery-biological studies, via bio-indicators, e.g. mosses or sea bed fauna, and through the measurement of fall-out particulates or by taking water samples.

The environment is an important issue for the community. Hence the importance of information to, and a dialogue with, various groups in the community. This dialogue takes place in a number of different ways. The most important environmental information consists of the public environmental reports issued by the subsidiaries, which are submitted to the relevant supervisory authorities. The reports can be obtained from the environmental departments in each locality. Environmental information is also available on the Group's website. Meetings with governmental authorities, environmental organisations, journalists, and meetings with the general public are also important means of communication.

Subsidiaries participate in both national and international research and development within the environmental

area. In order to develop expertise within this area, the subsidiaries' environmental experts participate in various networks together with experts from other steel companies, institutions, and universities. A number of employees participate in environmental research within, among other things, the Swedish Iron Masters' Association, MEFOS (the Foundation for Metallurgical Research), Kompetenscentrum MiMeR, and the International Iron and Steel Institute.

An important part of the informational work is to satisfy the customers' demands for knowledge regarding the environmental qualities of products. Thus, environmental declarations are affixed to many of the Group's products, which enable the customer to assess the steel from an environmental perspective.

### Significant environmental aspects

The environmental work within the Group's subsidiaries has identified a number of significant environmental aspects. The most important aspects are the effects on climate through emissions of carbon dioxide, the effect on air through, among other things, emissions of nitrogen oxides and the effect on water as a consequence, among other things, of emissions of oils. Efficient utilisation of raw materials, energy, and transportation are also important. The respective subsidiaries carry out focused activities in order to achieve improvements within these areas.

### Carbon dioxide

The Group's steel production is based on iron ore which contains oxygen. In order to produce usable iron and subsequently steel, the oxygen must be released from the iron ore. Coal is a necessary raw material in the reduction process, which is the initial stage in all ore-based steel production. Its task is to combine with the oxygen in the



iron ore and release the iron. When oxygen is combined with the coal, carbon dioxide is formed. Thus, carbon dioxide is an unavoidable by-product of all iron-ore based steel production. Research has been underway for a long time concerning alternative methods. However, no new commercially accessible processes have yet been developed which are either more efficient with respect to carbon dioxide than blast-furnaces or which use reduction agents other than coal. International comparisons demonstrate that the Group's hot metal production result in low levels of carbon dioxide emissions.

The hot metal is further processed into liquid steel and thereafter into steel slabs for rolling. During this further processing, energy is released which is utilised in order to smelt in an additive of almost 20% scrap steel. This procedure means that the Group is Sweden's largest consumer of recycled scrap steel.

Work is continually taking place to render hot metal manufacture more efficient through a reduction in the use of coal and coke. Thus, both costs and emissions of carbon dioxide are being gradually reduced. Important focus areas are increased coal injection directly into the furnace and utilisation of the energy content of the gases that are generated. Emissions of carbon dioxide from the Group's steel production over the past five years are shown in the diagram below.

### Transportation

The Group's transports are adapted in order to have as low an impact on the environment as possible. Raw materials are transported by boat or rail to the steel works in Oxelösund and Luleå. Finished products from the steel operations are mainly transported by rail or boat.

Extensive transportation of steel slabs takes place by rail between the steel works in Luleå and Oxelösund and the rolling mill in Borlänge. Return transports take place of finished sheet to Plannja and SSAB HardTech's plants in Luleå and of finished products to the steel port in Oxelösund. A significant portion of volumes for export go via this port. Transports to customers from SSAB HardTechs Swedish operations take place primarily by rail, while Tibnor and Plannja largely deliver by road. When procuring transportation services, requirements are imposed that the transporter engages in active environmental improvement work.

### By-products

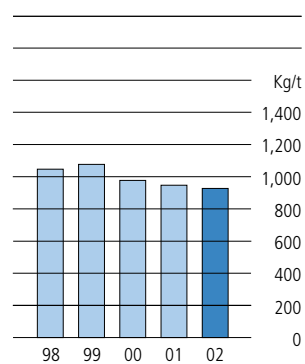
Quantities of by-products per tonne of finished steel fell somewhat during the year. The aim is to recycle by-products in the Group's own manufacturing operations or to sell them as processed products. Disposal takes place only when the aforesaid is not possible. At present, approx. 90% of by-products are recycled.

SSAB Merox specialises in recycling by-products and their development into marketable products. For example, slag from the iron and steel production processes is used in road construction and ground stabilisation or as raw materials in the manufacture of cement and putty. Iron oxide from the pickling of sheet is exploited and sold to, among others, the electronics industry.

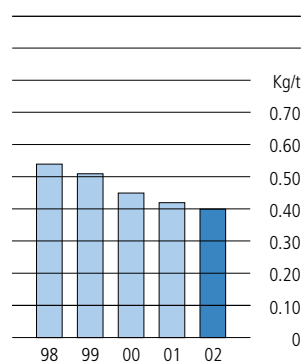
### Energy production

Energy-rich gases are formed during the manufacture of iron and steel. These gases are used for the production of hot water for district heating and electricity. The recycled gases correspond in energy content to just over 265,000

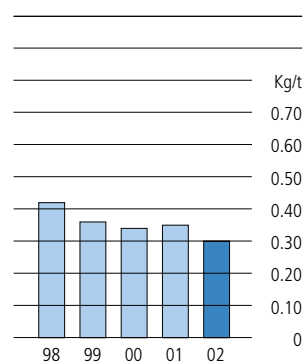
**Carbon dioxide**



**Nitrogen oxide**



**Particles**



cubic metres of fuel oil. In Luleå and Oxelösund municipalities, the hot water produced by the energy rich gases from the Group's operations meet more than 90% of the heating requirements in the district heating network. The produced electricity, 777 GWh, corresponds to approx. 50% of the total consumption of electricity in the steel operations. In addition, gases are used for the heating of air to be injected into the blast furnaces, the manufacture of quicklime, and the heating of steel ladles and steel slabs.

### Material and energy balance

During the year, a total of 3.9 (3.8) million tonnes of crude steel were manufactured and processed into 3.5 (3.3) million tonnes of finished products. The material and energy balance from the steel operations is shown in the table below. International comparisons demonstrate that the Group's use of resources and energy and the effects on the surrounding environment are low compared with other steel producers.

### Environmental events during 2002

The work of implementing the ISO 14 001 environmental guideline system has continued during the year. At the end of 2002, SSAB Tunnplåt, SSAB HardTech, and Tibnor had been certified. The certification work is continuing and, with respect to SSAB Oxelösund, is estimated to be completed during 2003.

All employees participate in the Group's environmental work. During the year, 15% of employees underwent environmental training as part of the implementation of the environmental guideline system. Thus, during the past two years just over two-thirds of employees have under-

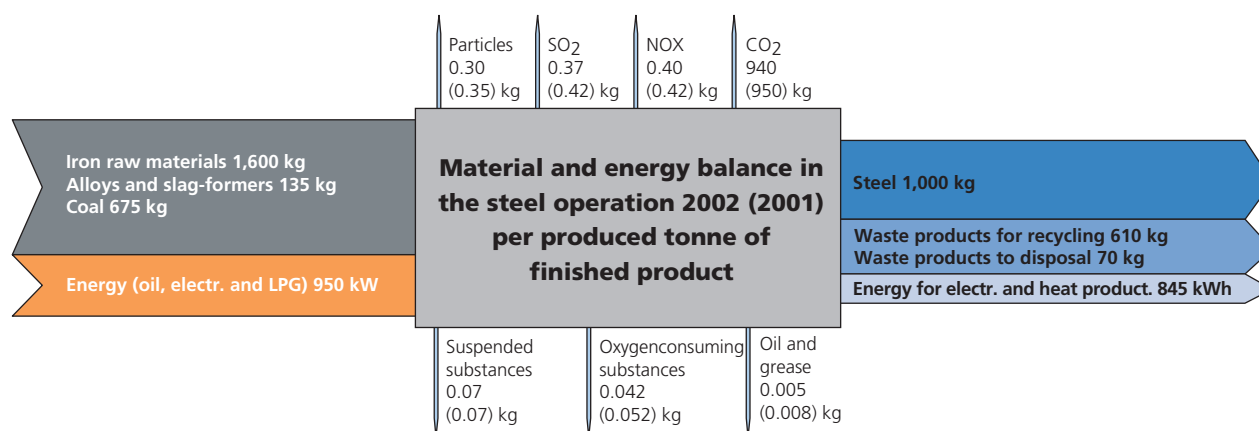
gone such environmental training. In addition, specially adapted further training within the environmental area has been provided to various personnel groups.

The results of an environmental study conducted in the sea outside the plant area in Oxelösund were reported during the year. This was the fifth study since 1975. The analyses demonstrate a continued reduction in values, which are now in line with the Swedish Environmental Protection Board's comparison values for sea sediment. However, notwithstanding the reduction in values, the values for zinc and lead remain at a somewhat high level.

A renewed environmental permit was received with respect to SSAB Tunnplåt's operations in Borlänge. The permit allows for production to continue to expand in line with current plans. However, studies regarding, among other things, reductions in noise and emissions of nitrogen oxides from combustion must be carried out and reported to the Environmental Court during 2003.

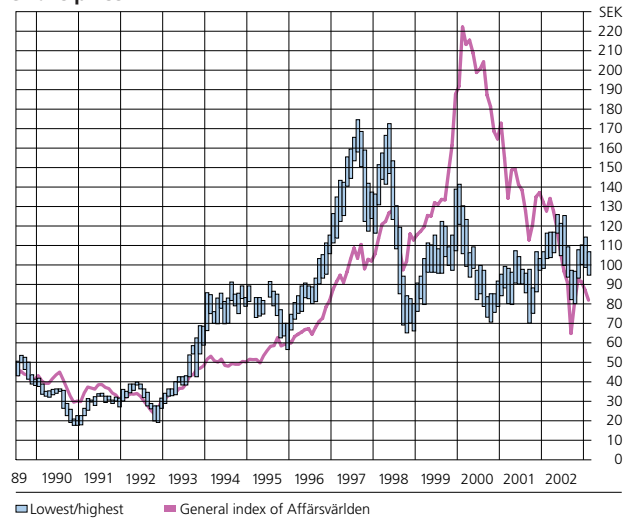
New conditions regarding the disposal of waste products in Oxelösund were imposed during the year. A new coverage layer will be added during 2003, after which continued disposal will be possible.

A cover for the collection of particulates as coke is pressed out of the ovens at the coking plant in Luleå was brought into operation in December 2001. This installation has reduced particulate emissions from pressing by just over 70%.



# The SSAB Share

## Share price



## Share capital

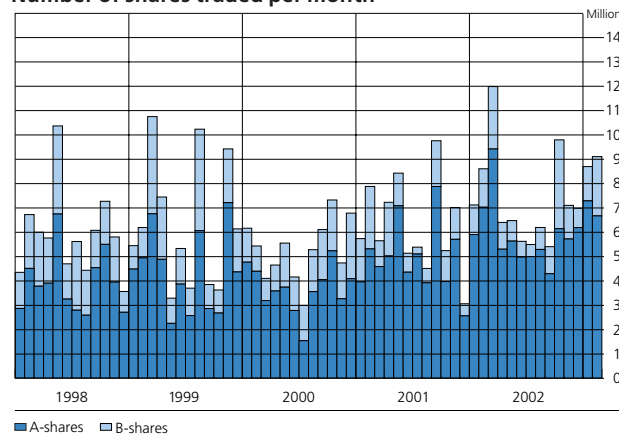
The share capital amounts to SEK 2,522.4 million divided into 100.9 million shares, each with a nominal value of SEK 25. 74.5 million shares are class A shares and 26.4 million shares are class B shares. All shares are non-restricted. Each class A share entitles the holder to one vote and each class B share entitles the holder to one tenth of one vote.

## Dividends

Dividends will be adjusted to the average profit level over a business cycle and, in the long-term, will constitute 30–50% of profit after tax.

For the 2002 financial year, a dividend of SEK 6.00 per share is proposed, i.e. 105% of earnings per share. Since the share was listed on the Stock Exchange in 1989, the dividend has thus averaged 40% of profit after tax.

## Number of shares traded per month



## SSAB on the Stock Exchange

Since 1989, the share has been listed on the A-List of the Stockholm Stock Exchange. Since 1994, the share has been listed among the most actively traded shares. A trading unit consists of 200 shares. Since the spring of 1994, OM has issued put and call options on the shares.

During the year, shares were traded at a value of just over SEK 9,200 million. Trading in SSAB shares took place on all exchange days and, on average, amounted to SEK 37 million per day. Traded shares corresponded to almost 90% of outstanding shares and constituted 0.3% of the total turnover on the Stockholm Stock Exchange's A-List. Trading per month during the past five years is shown in the adjacent diagram.

During the year, the lowest trading price for the class A share was SEK 80 and the highest price was SEK 125. At the end of the year, SSAB's market capitalization was SEK 10,250 (10,100) million.

## Ownership structure

At the end of the year, Industrivärden was the largest shareholder measured in terms of share capital, followed by Robur Equity Funds, AMF Pension, and SEB Funds. Robur Equity Funds reduced its shareholding during the year, while AMF Pension and SEB Funds increased their shareholdings. Foreign ownership increased somewhat.

The number of shareholders increased during the year by 5% and, at year-end, was 31,600. Of these, 28,900 shareholders own 1,000 shares or less. The ten largest institutional shareholders own almost 50% of the shares.

### Changes in the number of shares and share capital since 1989

Year	Change in no. of shares	Number of shares	Change in share capital (SEK m)	Share capital (SEK m)
1989 Conversion	+ 1,500,000	26,500,000	+ 150	2,650
1994 Conversion	+ 5,500,000	32,000,000	+ 550	3,200
1995 Split 4:1	+ 96,000,000	128,000,000	0	3,200
1998 Redemption	– 15,891,199	112,108,801	– 397	2,803
2001 Reduc. in share capital	– 11,210,880	100,897,921	– 281	2,522

Data per share	1998	1999	2000	2001	2002
Trading price, class A Dec 31, SEK	77.50	132.00	90.00	102.50	<b>103.00</b>
Profit, SEK	8.20	2.50	12.00	6.10	<b>5.70</b>
P/E ratio	9.5	52.8	7.5	16.8	<b>18.1</b>
Cash flow, SEK	– 5.05	3.90	– 3.75	1.50	<b>11.95</b>
Equity, SEK	88.70	86.50	94.80	96.70	<b>97.10</b>
Dividend, SEK *)	4.50	4.50	5.00	5.00	<b>6.00</b>
Yield, %	5.8	3.4	5.6	4.9	<b>5.8</b>
Average no. of shares, Mill.	119.7	112.1	108.8	101.1	<b>100.9</b>
No. of shares at year-end, Mill.	112.1	112.1	102.5	100.9	<b>100.9</b>

\*) Pursuant of the proposal of the Board of Directors for the 2002 financial year.

### Largest shareholders

Share in % of	capital	votes
Industrivärden	12.0	15.6
Robur Equity Funds	9.7	3.3
AMF Pension	6.1	7.8
SEB Funds	5.4	5.9
LKAB	4.8	6.2
Skandia	4.6	4.1
Handelsbanken Funds	2.9	2.0
Fourth National Pension Insurance Fund	2.6	2.8
Second National Pension Insurance Fund	2.5	3.0
AFA Försäkringar	1.8	0.9
Nordea Funds	1.3	1.7
Handelsbanken's Pension Foundation	1.2	1.6
Alecta	1.1	0.1
Foreign owners	13.3	14.3
Other	30.7	30.7
	100.0	100.0

### Distribution of shares

Shareholding	Number	in % of all shareholders	in % of share capital
1–500	25,092	79.4	7.1
501–1,000	3,828	12.1	3.1
1,001–5,000	2,002	6.3	4.3
5,001–10,000	238	0.8	1.8
10,001–50,000	90	0.9	6.0
50,001–100,000	59	0.1	3.8
100,001–	289	0.4	73.9
Total	31,598	100.0	100.0

The tables illustrating the largest shareholders and distribution of shares are based upon information obtained from VPC as per December 31, 2002.

### Analyses

During 2002, the following banks and investment brokers, among others, published analyses of SSAB:

Alfred Berg  
Carnegie  
Danske Securities  
Deutsche Bank  
Enskilda  
Hagströmer & Qviberg  
Handelsbanken  
HSBC  
JP Morgan  
Société General  
Swedbank  
UBS Warburg

# Group review

## International review

According to the International Iron and Steel Institute's (IISI) assessment, world steel consumption increased by 6% during 2002 to a new record level of 829 million tonnes.

Growth has remained strong in China. During the past 10 years, China has increased its portion of the world market from 10% to 25%. Global growth excluding China amounted to only 2%.

In the United States, steel consumption peaked in 2000. Thereafter, following a rapid and severe fall, steel consumption stabilised at a level approx. 15% below the peak level. In 2002, however, steel consumption increased somewhat compared with 2001.

### Steel consumption

Millions of tonnes	2001	2002	Change in %
EU	140	<b>138</b>	- 1
Other European countries	35	<b>38</b>	+ 9
Former Soviet republics	33	<b>30</b>	- 9
North America	117	<b>118</b>	+ 1
Japan	73	<b>72</b>	- 1
China	174	<b>211</b>	+ 21
Korea	38	<b>44</b>	+ 16
Other Asian countries	87	<b>95</b>	+ 9
Other countries	83	<b>83</b>	0
Total	780	<b>829</b>	+ 6

Source: IISI

## The European market

In Europe as well, the steel consumption peaked in the middle of 2002 and thereafter gradually declined. The decline has been relatively mild and levelled out during the second half of 2002. Thus, steel consumption in 2002 was somewhat lower than in the preceding year.

In terms of demand, the sheet market has followed the same trends as the steel market in general. During the year, demand for plate declined somewhat in continental Europe, but increased somewhat in Southern Europe.

Notwithstanding that demand has not increased, it was possible to gradually increase prices during the year, primarily for sheet, due to the fact that the major steel producers in Europe prioritised price over volume.

## The Swedish market

All in all, demand for steel in Sweden was relatively stable during 2002. The markets for sheet and plate were unchanged at just under 1,800 thousand tonnes and slightly more than 200 thousand tonnes respectively. The Group's market share for sheet and plate increased somewhat.

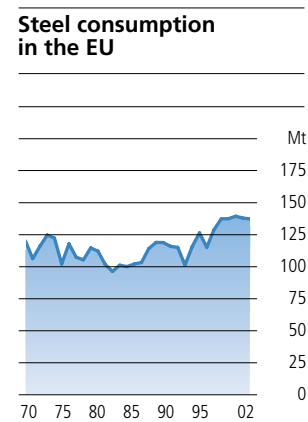
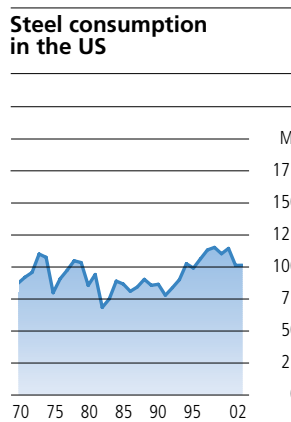
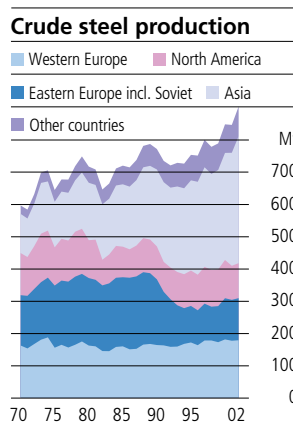
## Sales

Following the price falls in 2001, since the second quarter it has been possible to gradually increase prices for sheet in local currencies, while prices for both quenched steels and ordinary plate were largely unchanged.

All in all, however, the Group's steel prices were 4% lower in local currencies than in the preceding year and, in Swedish kronor, 5% lower. The price trend in Swedish kronor is shown in the diagram below.

Deliveries from the steel operations increased by 12% and amounted to 3,113 (2,771) thousand tonnes.

Despite a somewhat weak start to the year, deliveries of high-strength sheet products increased by 11% compared with last year. Deliveries of extra and ultra high-strength sheet increased by 17% to 278 (237) thousand tonnes. The increase has taken place primarily to existing





customers in the United States and Europe, as well as to new customers in China.

Deliveries of quenched steels increased during the year by 6% to 316 (297) thousand tonnes. Demand has been strong in Southern Europe and Asia, but weak in Germany and the United States.

Sales of the niche products of high-strength sheet and quenched steels thus increased to SEK 5,570 (5,150) million and, in terms of volume, accounted for 40 (41)% of deliveries from the steel operations.

Deliveries from the trading operations dependent on the Swedish market were largely unchanged, while the steel operations' deliveries to Swedish customers increased by 2%.

The Group's sales amounted to SEK 19,271 (19,682) million. Adjusted for the Tibnor industrial supplies group that was sold in 2001, sales increased by 3%. Higher volumes contributed with 6 percentage points, while lower prices resulted in a decline of 3 percentage points. Sales per area of operations are set forth in the table below.

Sales per operations area

SEK millions	2001	%	2002	%
Steel operations	12,967	60	<b>13,641</b>	<b>64</b>
Processing operations	2,180	10	<b>2,146</b>	<b>10</b>
Trading operations	6,475	30	<b>5,424</b>	<b>26</b>
Group adjustment	- 1,940	-	<b>- 1,940</b>	-
Total	19,682	100	<b>19,271</b>	<b>100</b>

Measured in terms of volume, exports increased to 73 (69)% of sales from the steel operations. As shown in the following table of sales per geographical region, with respect to the Group as a whole, sales outside Sweden accounted for 65 (57)% of sales.

Sales per geographic region

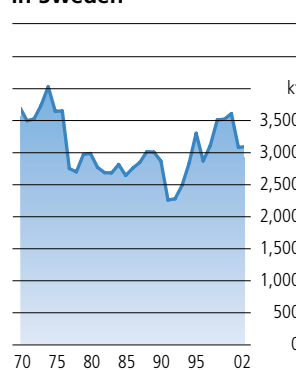
SEK millions	2001	%	2002	%
Sweden	8,383	43	<b>6,771</b>	<b>35</b>
Germany	1,610	8	<b>1,701</b>	<b>9</b>
Denmark	1,552	8	<b>1,554</b>	<b>8</b>
Great Britain	1,047	5	<b>1,373</b>	<b>7</b>
Finland	1,012	5	<b>1,196</b>	<b>6</b>
Italy	991	5	<b>1,098</b>	<b>6</b>
Benelux	856	4	<b>699</b>	<b>4</b>
Other EU countries	1,076	6	<b>1,181</b>	<b>6</b>
Norway	722	4	<b>728</b>	<b>4</b>
Other European countries	896	5	<b>1,121</b>	<b>6</b>
North America	875	4	<b>923</b>	<b>5</b>
Asia	299	1	<b>435</b>	<b>2</b>
Other markets	363	2	<b>491</b>	<b>2</b>
Total	19,682	100	<b>19,271</b>	<b>100</b>

### US steel tariffs

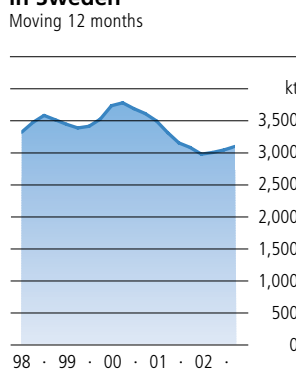
In March 2002, the United States imposed protective tariffs of 30% with respect to a number of imported steel products. The steel operation's deliveries to the United States largely consist only of niche products. Exemptions from these protective tariffs were obtained with respect to most of the extra and ultra high-strength types of sheet, while in general no exemptions were obtained with respect to quenched steels. In total, exemptions were obtained corresponding to approx. 25% of the Group's exports of niche products to the American market.

The protective tariffs have been imposed for a period of three years, with gradually decreasing tariff rates. Thus, in March 2003, the tariffs on the Group's steel products will be reduced to 24%. As a consequence of the protect-

Steel consumption in Sweden

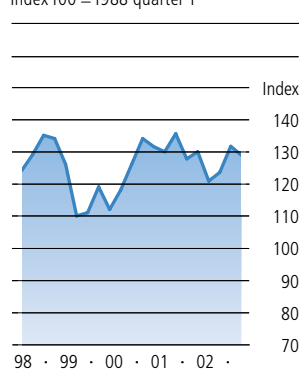


Steel consumption in Sweden



Price trend

Index 100 = 1988 quarter 1



ive tariffs, prices in the United States of, primarily, sheet increased very rapidly and steeply during the first half of the year. However, prices fell during the autumn as the American steel companies increased their production and, at the end of 2002, were at European levels.

### Production

In order to meet the customers' delivery needs, production has been increased in the most important lines. Production in the hot rolling strip mill in Borlänge increased by 8% and amounted to 2,675 (2,481) thousand tonnes. Production in the four-high rolling mill in Oxelösund increased by 9% and amounted to 582 (535) thousand tonnes. Crude steel production further increased somewhat from the record level noted in 2001 and amounted to 3,881 (3,820) thousand tonnes – an increase of 2%. In total, productivity in the steel operations improved to 2.7 (2.8) man hours per tonne of crude steel.

### Cost trends

Operating costs declined to SEK 18,468 (19,037) million. Of this amount, SEK 3,951 (4,734) million related to the purchase of products for sale, which are primarily sold through the Group's trading company, Tibnor.

The remaining costs of SEK 14,517 (14,303) million consist primarily of processing costs, depreciation, and costs for raw materials and energy.

Processing costs consist primarily of costs for the Group's own personnel and purchased services. These costs are salary-related. Notwithstanding the increase in volumes in the steel operations, processing costs were unchanged compared with the preceding year and amounted to SEK 5,864 (5,888) million. A number of

projects were carried out during the year to reduce costs and, as a consequence, the effect on costs of increased volumes and salary increases could be counteracted.

The pace of investments has declined following the major capital expenditures undertaken during the past few years and was just below the depreciation level. Depreciation was largely unchanged and amounted to SEK 1,111 (1,141) million.

In the manufacture of sheet and plate, approx. half of the costs relate to raw materials. Agreements in respect of prices and deliveries for iron ore and coal are entered into on an annual basis at the beginning of the year. Alloys, however, are mostly purchased on a quarterly basis. Raw materials are purchased on the world market and the prices, which are primarily quoted in USD, are greatly dependent on the state of the steel market.

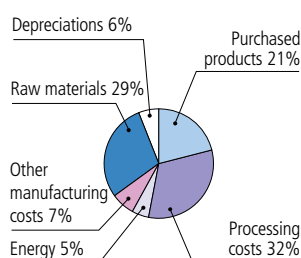
Coal and iron ore are the dominant raw materials. The price reductions in the iron ore and coal agreements, calculated in USD, were 8% and 3% respectively. Purchases were hedged in the middle of July and, for ore, the costs in Swedish kronor declined by 7%. For coal, in which the agreements commenced on 1 April and in respect of which the new prices, due to current stocks, did not have full effect until the second half-year, costs increased in Swedish kronor by 13%. Costs for alloys increased by 4%.

The Group's cost structure is shown in the diagram below.

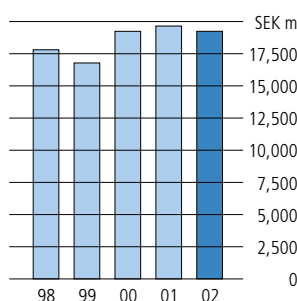
### Energy

Coal is an essential reduction agent in order to remove oxygen from the iron ore and constitutes one of the most important raw materials in the manufacture of iron ore-

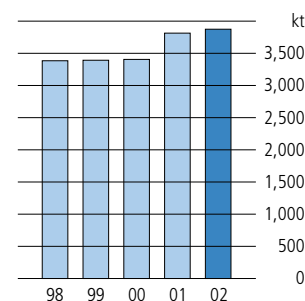
Cost structure



Sales



Crude steel production



based steel. Coal is also the basis for most of the energy, approx. 85%, provided for the steel operations.

Energy is otherwise provided by electricity, oil, and LPG. In total, during the year the steel operations consumed 1,550 (1,508) GWh of electric power as well as 1,690 (1,602) GWh of oil and LPG. Through the utilisation of the energy-rich gases which arise during steel production, among other things electricity is produced by the half-owned power company, Lulekraft, and in the OK3 power station in Oxelösund. During the year, these facilities produced 777 (797) GWh of electricity.

In total, energy costs (excluding coal) amounted to SEK 1,001 (977) million. Included in the costs are various taxes amounting to SEK 143 (111) million.

#### Information technology – IT

IT is used on a large scale within both process guidance and product development, as well as within administrative processes.

Monitoring and control in the steel production and rolling takes place from control rooms using advanced programs and powerful computers. For example, simulation of events can take place in a fraction of the time previously required.

Product development and design take place using, among other things, CAD/CAM. For example, within SSAB HardTech, safety components for cars are designed using three-dimensional CAD-programs and collision testing are conducted using advanced Finita Element Method-programs.

To an increasing extent, customer contacts take place using IT.

The Group's costs for development and maintenance

of IT systems amounted to SEK 122 (110) million and, for the operation of IT systems, to SEK 154 (130) million.

#### SPP's surplus funds

In 1999, Alecta allocated a total of SEK 734 million of its premium surplus to companies within the Group. Of this amount, at the end of the year SEK 338 million remained to be used. The estimated remaining disbursement term is 3.5 years and, following a recalculation to present value, booked claim against Alecta amounts to SEK 323 million, of which approx. SEK 135 million is expected to be disbursed in 2003.

#### Non-recurring items

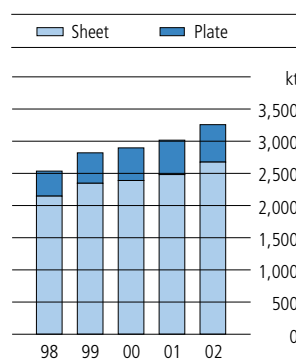
In total, the results include non-recurring items amounting to SEK 0 (78) million.

In 2001, non-recurring items consisted of a write-down of the entire claim against Inexa Profil's estate in liquidation in the amount of SEK 57 million and a capital gain of SEK 135 million from the sale of Tibnor's industrial supplies group.

#### Profits

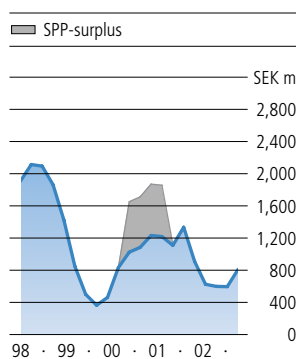
SEK millions	2001	2002
Sales	19,682	<b>19,271</b>
Costs	– 17,554	<b>– 17,112</b>
Depreciation	– 1,141	<b>– 1,111</b>
Non-recurring items	78	–
Affiliated companies	3	<b>– 48</b>
Operating profit	1,068	<b>1,000</b>
Financial items	– 155	<b>– 184</b>
Profit	913	<b>816</b>

#### Steel production

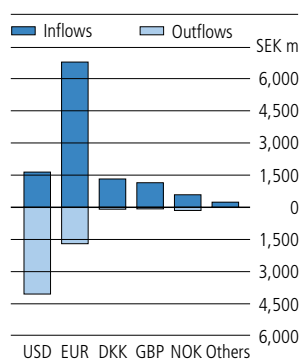


#### Profit after financial items

Moving 12 months



#### Currency flows



Excluding non-recurring items, the operating profit was largely unchanged compared with 2001 and amounted to SEK 1,000 (990) million. As shown in the table below, higher volumes in the steel operations led to an improvement of SEK 330 million, while weaker margins in the steel operations detrimentally affected profits by SEK 350 million.

Changes in operating profit excluding non-recurring items

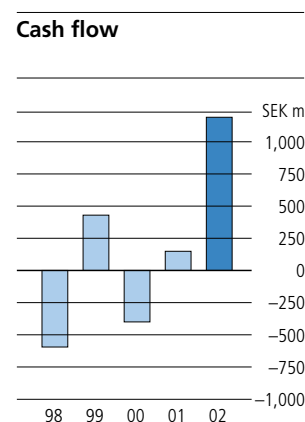
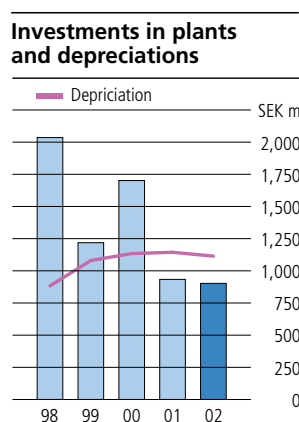
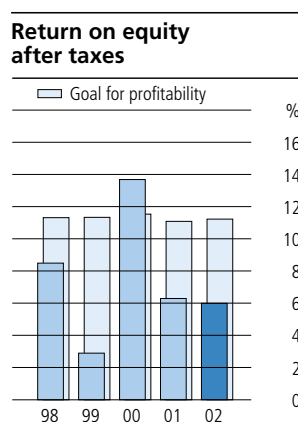
	SEK millions
Steel operations	
– Weakened margins	– 350
– Increased volumes	+ 330
Trading and processing operations	
– Improved margins	+ 30
– Lower volumes	– 10
Lower processing costs	+ 24
Lower depreciation	+ 30
Lower returns from affiliated companies	– 51
Other	+ 7
Change in operating profit	+ 10

Including non-recurring items of SEK 0 (78) million, operating profit thus amounted to SEK 1,000 (1,068) million.

Financial items weakened to SEK –184 (–155) million and, thus, profit after financial items amounted to SEK 816 (913) million.

### Profitability and equity ratio

The return on capital employed before taxes remained unchanged at 8 (8)% and on equity after taxes at 6 (6)%. Return on equity after taxes compared with the profitability targets is shown in the diagram below.



The equity ratio increased to 53 (51)% and the net debt/equity ratio declined to 32 (38)%.

### Dividend

A dividend is proposed of SEK 6.00 (5.00) per share, equal to SEK 605 (504) million. The increase should be seen, among other things, in light of the fact that the capital structure is now in line with the financial goals.

### Currency risks

Sales in export markets occur primarily in local currencies. Therefore, export sales create inflows of foreign currency, primarily European currencies and USD.

Purchases of, primarily, iron ore and coal take place in USD. In addition, other currency outflows are a result of major investments which partially occur in foreign currencies, primarily the euro.

In total, this means that the Group has a net inflow of all currencies except USD. As a consequence of the increased export sales, the net inflow of foreign currencies increased to SEK 5,500 (4,600) million. The Group's most important currency flows are shown in the diagram on the preceding page.

The currency risks are managed by the Parent Company. The subsidiaries hedge their contracted currency flows with the Parent Company. To the extent that these flows cannot be offset against other currency flows, the currency risks are covered primarily through forward contracts. During the year, however, currency flows in USD for the purchase of coal and iron ore were not hedged until the middle of July. Since the order stocks for the steel operations normally only correspond to six-seven weeks' production, the Group's currency policy entails that

changes in currency rates affect the Group's profit relatively quickly. At the end of 2002, the Group's total currency forward contracts amounted to almost SEK 1.5 billion.

Changes in currency rates between 2001 and 2002 had a positive effect on profits of approx. SEK 50 million.

### Taxes

Taxes for the year in the amount of SEK 231 (277) million consist of current taxes of SEK 172 (334) million, deferred taxes of SEK 73 (–61) million, and share in the taxes of affiliated companies in the amount of SEK –14 (4) million. The effective tax rate for the Group was 28 (30)%.

### Capital expenditures

During 2000, decisions were taken with respect to a fifth press hardening line at SSAB HardTech's plant in Luleå and a third press hardening line at the plant in the United States. Investments in both of the new press hardening lines amounted to just over SEK 150 million. Production at these lines started during the year. In addition, during the year a decision was taken to construct a fourth press hardening line at the plant in the United States, at a cost of approx. SEK 100 million. It is estimated that it will be brought into operation at the beginning of 2004.

In 2001, a decision was taken to invest in an additional capacity for the cutting of high-strength sheet in Borlänge. The investment amounts to approx. SEK 200 million and it is estimated that the new cutting lines will be brought into operation in the middle of 2003.

In 2002, decisions were taken, among other things, to invest in a first and second stage of a renovation of the coking plant in Luleå. The investment amounted to

SEK 208 million and was carried out during the year.

In total, decisions were taken regarding new capital expenditures of SEK 957 (670) million.

Capital expenditures amounted to SEK 902 (933) million, compared with depreciation of SEK 1,111 (1,141) million.

### Balance sheet

SEK millions	2001	2002
<b>Assets</b>		
Fixed assets	10,187	<b>9,668</b>
Inventories	4,795	<b>4,585</b>
Accounts receivable	2,871	<b>3,082</b>
Other assets	815	<b>725</b>
Liquid assets	460	<b>416</b>
Total assets	19,128	<b>18,476</b>
<b>Equity and liabilities</b>		
Equity	9,753	<b>9,796</b>
Minority shares	173	<b>162</b>
Deferred taxes and other provisions	1,873	<b>1,978</b>
Long-term liabilities	2,380	<b>2,101</b>
Current liabilities	4,949	<b>4,439</b>
Total equity and liabilities	19,128	<b>18,476</b>

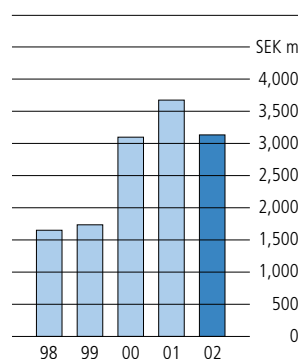
### Financing and liquidity

Accounts receivable increased somewhat as a consequence of the increased export sales and, relative to sales, amounted to 16 (15)%.

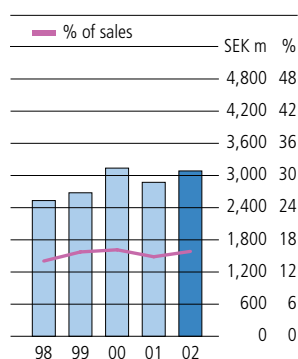
The value of inventories declined by SEK 210 million. Relative to sales, inventories amounted to 24 (25)%.

Cash flow excluding the effect of SPP-funds improved by SEK 835 million to SEK 1,065 (230) million. Including the effect of SPP funds, cash flow amounted to SEK 1,208 (151) million.

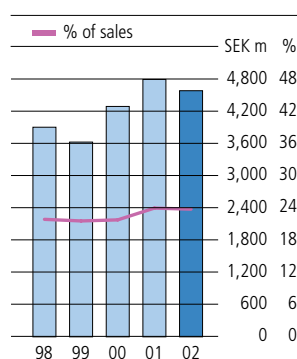
### Net debt



### Accounts receivable



### Inventories





#### Subsidiaries' sales, profit/loss, and return on capital employed

SEK millions	Sales		Operating profit/loss		Profit/loss after financial items		Return on capital employed, %	
	2001	2002	2001	2002	2001	2002	2001	2002
<b>Subsidiaries</b>								
SSAB Tunnpålt	9,600	<b>10,046</b>	275	<b>336</b>	149	<b>196</b>	4	<b>6</b>
SSAB Oxelösund	4,882	<b>5,225</b>	353	<b>325</b>	246	<b>209</b>	8	<b>7</b>
Plannja	1,326	<b>1,195</b>	81	<b>97</b>	71	<b>86</b>	20	<b>26</b>
SSAB HardTech	736	<b>835</b>	165	<b>181</b>	137	<b>156</b>	19	<b>21</b>
Dickson PSC	118	<b>115</b>	23	<b>17</b>	24	<b>18</b>	24	<b>19</b>
Tibnor <sup>1)</sup>	6,475	<b>5,424</b>	205	<b>87</b>	185	<b>75</b>	13	<b>7</b>
Other subsidiaries	504	<b>547</b>	4	<b>5</b>	53	<b>46</b>	–	–
<b>Parent Company</b>								
Parent Company <sup>2)</sup>	–	–	– 50	<b>– 60</b>	– 18	<b>79</b>	–	–
Affiliated companies	–	–	7	<b>6</b>	7	<b>6</b>	–	–
Group adjustment	– 3,959	<b>– 4,116</b>	5	<b>6</b>	59	<b>– 55</b>	–	–
Total	19,682	<b>19,271</b>	1,068	<b>1,000</b>	913	<b>816</b>	8	<b>8</b>

<sup>1)</sup> Tibnor's profit for 2001 included a capital gain of SEK 135 million from the sale of the industrial supplies group.

<sup>2)</sup> Excluding dividends from subsidiaries and affiliated companies. The Parent Company's result consists primarily of administrative costs and a positive figure for financial items.

The Group's cash flow is shown in the table below.

#### Cash flow

SEK millions	2001	2002
Cash flow from operations	+ 1,591	<b>+ 1,832</b>
SPP surplus funds	– 79	<b>+ 143</b>
Change in working capital	– 855	<b>+ 73</b>
Investment operations	– 506	<b>– 840</b>
Cash flow	+ 151	<b>+ 1,208</b>
Financing operations	– 457	<b>– 1,252</b>
Change in liquid assets	– 306	<b>– 44</b>

In 2001, the investment operations included a positive effect of SEK 428 million from the sale of the industrial supplies group.

Cash flow in the various operations is shown in the table below.

#### Cash flow

SEK millions	2001	2002
SSAB Tunnpålt	– 189	<b>+ 196</b>
SSAB Oxelösund	– 321	<b>+ 534</b>
Plannja	+ 54	<b>+ 92</b>
SSAB HardTech	+ 36	<b>+ 75</b>
Dickson PSC	+ 14	<b>+ 17</b>
Tibnor	+ 579	<b>+ 115</b>
Other subsidiaries	+ 51	<b>+ 42</b>
Parent Company <sup>*)</sup>	– 73	<b>+ 137</b>
Total	+ 151	<b>+ 1 208</b>

<sup>\*)</sup> excluding investments in shares in subsidiaries

As a consequence of the positive cash flow, net debt declined by SEK 539 million to SEK 3,120 (3,659) million.

#### Liquidity risks

A Swedish MTN (Medium Term Note) program is used for borrowing of one to ten years, whilst a Swedish commercial paper program is used for shorter term borrowing. The borrowing possibilities within both of these programs each amount to SEK 2,000 million. In addition, there is a Euro Commercial Paper Programme of USD 100 million which, however, was not utilised during the year. The Swedish commercial paper program is rated by Standard & Poor's at K-1 and the MTN program at BBB+. At the end of the year, borrowing under the MTN and commercial paper program amounted to SEK 2,881 (3,557) million.

There are binding credit facilities available in order to reduce the risk that the raising of capital or refinancing of matured loans in the future will become difficult or expensive. At the end of the year, non-utilised credit facilities amounted to SEK 2,144 (2,305) million.

At the end of the year, liquid assets amounted to SEK 416 (460) million.

#### Interest rate risks

Fixed interest rate periods in conjunction with borrowing are varied through the use of interest rates futures. In

2002, the average fixed interest period for borrowing was reduced from 22 to 16 months.

### **Research and development (R&D)**

The work within R&D is characterised by the niche orientation. Investments in high-strength sheet and quenched steels impose major demands for advanced material development, technical development in the manufacturing process, and market development.

The R&D work is based on the customer and the customer's needs. Through active development cooperation with the customer, based on knowledge of the unique characteristics of different steels, added value can be created for the customer. An important factor for success in obtaining an optimal design is that the cooperation is initiated at an early stage, prior to the establishment of the geometry and manufacturing techniques for the design.

The customers' demand for steel as a material with well-defined, uniform, characteristics imposes increasingly stringent demands with respect to the manufacture of the steels. Process development is aimed at being able to meet the requirements by manufacturing steel with such well-defined characteristics. Two other important development areas are to reduce manufacturing costs and reduce effects on the environment in conjunction with production.

Within the Group, extensive technical development support has been produced with respect to the manner in which advanced sheet and plate can best be used in various applications. Examples include handbooks relating to design, welding, and forming, as well as calculation programs such as DoCalc (dimensioning), WeldCalc™ (welding) and WearCalc™ (wear and tear). In courses and seminars, the customers are offered special training within various application areas, and become more aware of the support that the application engineers can provide. These partially unique services are in great demand and constitute an important element in the marketing of the Group's products.

The Group also participates in joint projects for the development of designs in steel. One such important activity during the past few years has been participation in the international project, ULSAB-AVC. This project, which was completed during the year, demonstrates that advanced high-strength sheet constitutes a competitive alternative to other light-weight materials for passenger cars. Through the use of approx. 70% extra and ultra high-strength steels, it was possible to reduce fuel con-

sumption to approx. 3.2 litres per 100 km, at the same time as top marks were achieved in collision safety tests. SSAB Tunnplåt has been manufacturing and developing extra and ultra high-strength steels for many years and is today a leading manufacturer of these steels.

The new quenching line in Oxelösund renders possible a continued high-rate of the development of new products within quenched steels with an increased dimension program. In the development of the new quenched steels, process development, product development, and market development are combined in order to create the greatest possible customer value for manufacturers within various industries. Established steels are being continually further developed. Based on the extensive know-how regarding quenched steels, during the past few years, a new tool steel, TOOLOX, has been developed. TOOLOX was launched during the year as a quenched tool steel with significantly improved processing characteristics than that provided by competing materials.

The development of applications within the automotive and construction industries takes place within the processing operations. Research and development has continued regarding press hardening for the manufacture of safety components for the automotive industry. Side impact beams and bumper beams have been followed by the development of body components such as B-pillars and roof beams. Press hardening provides a unique combination of high strength and advanced geometric design. The Group's leading position within roof, wall, and rain-water run-off products in steel is a result of efficient development work in close cooperation with both users and architects.

Costs for R&D operations amounted to just less than 1% of the steel operations' sales. Various national and international networks are playing an increasingly important role with respect to more fundamental research operations. The Swedish steel industry's two research institutions, MEFOS and IM, are important partners in the Group's R&D networks. These institutions have jointly established a branch in Borlänge, which is to the benefit of the Group's R&D work within processing.

Customers demand that the operations possess the necessary quality assurance systems. The automotive industry's QS 9000 is the quality assurance system that imposes the most stringent requirements. The relevant subsidiaries in the Group are approved for deliveries within the scope of this quality assurance system.

## Personnel

The average number of employees at the end of the year was 9,290 (9,809), of whom 8,388 (8,968) were employed in Sweden. As a consequence of the sale of Tibnor's industrial supplies group, 625 persons left the Group in 2001, a fact which is reflected in the average number of employees for 2002. At the end of the year, the total number of employees was 9,356 (9,351).

Number of employees on 31 December

	2001	2002	Change %
SSAB Tunnplåt	4,338	<b>4,311</b>	- 1
SSAB Oxelösund	2,659	<b>2,645</b>	- 1
Plannja	483	<b>481</b>	- 0
SSAB HardTech	405	<b>484</b>	+ 20
Dickson PSC	155	<b>162</b>	+ 5
Tibnor	1,199	<b>1,140</b>	- 5
Other	112	<b>133</b>	+ 19
Total	9,351	<b>9,356</b>	+ 0

The strategic focus entailing a strong focus on materials and applications know-how imposes demands for employees who are skilled both in contacts with customers and in development and production.

The focusing on goals, increased delegation of responsibility and authority, increased business orientation and group organisation constitute several examples of changes that have been carried out or are being undertaken with the intention of changing the direction of operations in order to better meet the strategic goals. The changes creates new roles for both managers and other employees and has generated a need for skills development.

As an example of skills development, mention can be made of TPM (Total Productive Maintenance), which is

a work method in which the employees' increased influence and participation result in strengthened commitment, increased motivation, and enhanced skills. TPM is intended to provide the individual with a stronger sense of affinity with the machine or line on which he or she is working.

As shown in the diagram below, the age structure of white collar and blue collar employees is still such that a large portion of white collar employees will go into retirement during the next few years.

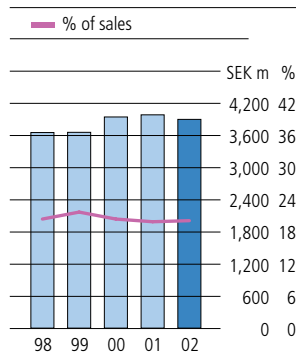
Accordingly, a number of measures have been taken to ensure a smooth transition to a new generation and that management by both experienced and new managers is adapted to new requirements. For several years, work has been carried out in order to identify and develop younger persons who possess management potential. During the year, several managers who have reached the age of 50 have taken part in a pilot program which is intended to obtain an increased focus on the career path which they desire during the final 10–15 years of their professional life.

In order to meet future recruitment needs for well-trained employees, cooperation is also continually being developed with university colleges and high schools.

In the autumn of 2001, the Royal Institute of Technology relocated its engineering program with respect to processing of steel to the Dalarna University College. The Swedish Iron Masters' Association support for student recruitment through a stipendium program has thus far been successful, a factor which will facilitate future recruitment of qualified engineers.

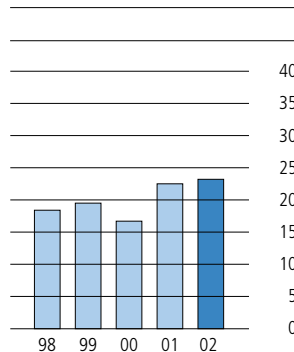
Positive experiences has previously been obtained from the cooperation with Luleå Technical University,

### Personal expenses

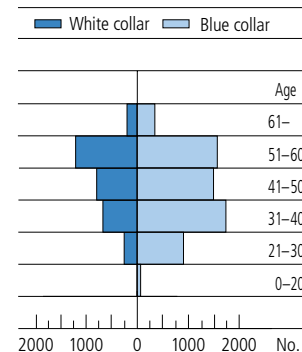


### Number of accidents

per million working hours



### Age structure



from which a large portion of newly employed engineers at the Group's operation in Luleå have been recruited.

Turnover of personnel declined during the year and amounted to 5 (7)%. Absenteeism due to illness continued to increase and amounted to 5 (4)% for white collar employees and 11 (10)% for blue collar employees. Extensive analyses have been conducted concerning absenteeism due to illness and it has been concluded that a small group of persons on long-term sick leave account for a very large portion of absenteeism due to illness. This is partly explained by the fact that the percentage of employees in the 60-65 age group has increased. As a consequence of the analysis results, work has been commenced on the more rapid implementation of rehabilitation measures in conjunction with long-term sick leave.

In the heavy processing segments within the steel operations (coking plants, blast furnaces, steel mills, and rolling mills) continuous operations are necessary in order to maintain high utilisation of capacity. Work at these facilities is conducted in shifts. Approx. 40% of employees in the steel operations work in some form of shift, primarily the so-called 5-shift.

Shift work is not as common within the processing and trading operations (approx. 10% work in shifts).

Investments are continually being made in safer production routines and the working environment is also being improved in conjunction with new and replacement investments. The number of accidents per million working hours was largely at the same level as 2001. The working environment effort are followed up systematically through internal audits. The audits verify that the working environment efforts are being carried out in accordance with external and internal rules and regulations.

All employees participate in a profit sharing scheme. The scheme was started in 1994 and provides an entitlement to participate in profits in excess of a minimum level which, for 2002, was just over SEK 900 million. Since profits were below this level, no profit sharing took place for the year.

In total, cost for salaries and payroll taxes amounted to SEK 3,901 (3,986) million, corresponding to 20 (20)% of sales.

### Prospects for 2003

Steel demand in Europe has probably reached the bottom of the decline which commenced in 2000. Generally speaking, no increase in demand has, however, been

noted, but steel consumption in Europe is expected to increase somewhat in 2003.

Volumes in the steel operations are expected to increase primarily within the niche products, quenched steels and high-strength sheet, in which growth expectations are sound. In the processing and trading operations which are dependent on the Swedish market, however, it is not expected that volumes will change significantly during 2003.

Pending the first quarter, it has been possible to increase prices for sheet by approx. 4%. However, prices in local currencies are expected to remain unchanged with respect to quenched steel and ordinary plate.

Margins in the steel operations will, however, also depend on the continued development of the Swedish krona, since approx. 70% of the steel operations' deliveries are exported, and on the development of raw materials costs – primarily for ore and coal. Following price declines in 2002, prices for raw materials in local currencies, primarily USD, are expected to increase somewhat in 2003.

In 2003, processing costs will also be affected by the cost reduction projects initiated in 2001 and 2002. Accordingly, it should be possible to maintain processing costs at largely unchanged levels during 2003.

The approximate effect on profit after financial items and earnings per share of the changes resulting from significant factors is set forth in the table below.

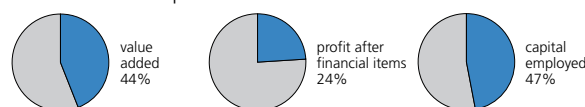
### Sensitivity analysis

	Change in %	Profit effect, SEK millions	Effect on earnings per share, SEK
Prices – steel operations	10	1,200	8.60
Volume – steel operations	5	240	1.70
Volume – trading operations	10	110	0.80
Margin – trading operations	2%-pts	80	0.55
Wage costs	2	80	0.55
Prices – raw materials	10	550	3.90
Electricity price	20	50	0.35
SEK index	10	550	3.90

SEK millions	2000	2001	2002
Sales	9,531	9,600	<b>10,046</b>
Profit	613	149	<b>196</b>
Cash flow	- 589	- 189	<b>196</b>
Capital expenditures	958	381	<b>505</b>
Capital employed	6,557	6,766	<b>6,724</b>
Return on cap. empl. (%)	12	4	<b>6</b>
Number of employees	4,527	4,549	<b>4,502</b>

See note 21 for definitions

Share of the Group's



Curt Johansson, President SSAB Tunnplåt



SSAB Tunnplåt is the largest manufacturer of steel sheet in the Nordic region and one of the leading companies in Europe within the area of high-strength sheet. Production capacity currently amounts to approx. 2.8 million tonnes per year.

The product range includes sheet in the thickness range 0.10–16 mm with a maximum width of 1,600 mm. The products are marketed under the Domex, Docol, Dogal, Dobel, Aluzink, and Prelaq trade marks.

SSAB Tunnplåt's strategy is based on growth within the area of high-strength sheet – especially extra and ultra high-strength (EHS/UHS) sheet – and becoming the leading company in Europe for high-strength sheet, while at the same time maintaining its commanding position for all sheet products on the domestic market in Scandinavia.

The higher strength of sheet can be exploited by users to reduce weight in a design or to increase the strength of the design without any change in weight. Hot-rolled EHS/UHS sheet is used within the automotive industry for, primarily, heavy vehicles and for containers. Cold-rolled EHS/UHS sheet are used primarily for safety components

in the automotive industry. Galvanised EHS/UHS sheet are used in applications that require a high level of anti-corrosion protection. The main competitors within high-strength sheet are Thyssen Krupp Stahl and Arcelor.

Ordinary sheet is used primarily within the engineering, construction, and automotive industries. Competitors within these segments consist of most Western European steel companies.

The heavy production takes place in two localities. The ore-based metallurgy comprising coking plant, blast furnace, and steel plant for the production of steel slabs is located in Luleå, while rolling into sheet, as well as coating and further processing lines, are situated in Borlänge.

A description of production from raw materials until finished sheet is provided on pages 28–29.

The metallurgy capacity in Luleå is not sufficient to supply all sheet manufacturing needs. The remaining slabs required are, therefore, purchased from the affiliated company, SSAB Oxelösund.

Further processing is also carried out through organic coating in Finspång and through cutting to size at the subsidiaries in Italy, Denmark, Great Britain, and the Netherlands. Commencing 1 January 2003, Dickson PSC is included as a subsidiary of SSAB Tunnplåt. Dickson has plants for slitting and cutting to size of sheet at Borlänge and in Gothenburg.

The affiliated company, Cogent Power, is one of the largest producers of electric steels in Europe and the largest company in Europe for the stamping of electric steels.

## The market

Sheet is the largest product group within the commercial steel sector and accounts for just over half of the European market for commercial steels. The price structure for sheet is relatively similar on the larger markets in Europe.

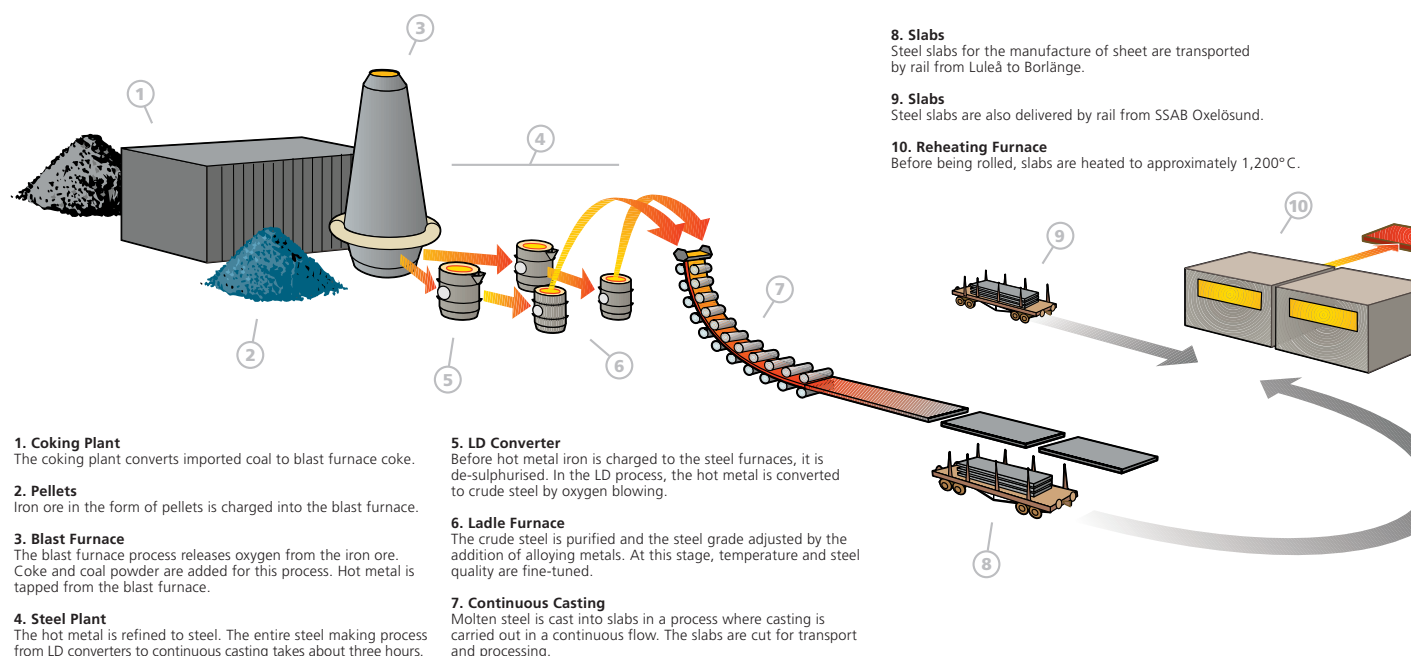
Consumption of sheet in Europe declined somewhat compared with 2001. Following a weak start, it was possible to increase prices after the second quarter as a consequence of the major European steel manufacturers prioritizing price over volume.

Deliveries of EHS/UHS sheet increased during the year by just over 17%. The increase has taken place through increased deliveries to existing customers in Europe and the United States, as well as to new customers in China and South-Africa. In total, deliveries of high-strength sheet increased by approx. 11% to 942 (849) thousand tonnes.





High-strength sheet is used in applications in which high strength in combination with low weight is required. The high-strength steels are used in, among other areas, the automotive industry for heavy vehicles, by crane manufacturers, and for bearing components in containers. The production line includes both hot- and cold-rolled as well as metal and organic-coated sheet. Almost 40% of the deliveries are high-strength sheet.



In total, deliveries increased by 12% to 2,538 (2,265) thousand tonnes. Notwithstanding price increases in local currencies during the last three quarters of the year, the average price in Swedish kronor was 5% lower than in 2001.

Sheet consumption in Sweden was essentially unchanged compared with the preceding year, despite continued weak demand from the telecom and automotive industries. SSAB Tunnplåt's deliveries remained at the 2001 level.

Export accounted for 68 (64)% of sales. The shares of deliveries represented by the largest markets are shown in the table below:

Share of deliveries (%)	2000	2001	2002
Sweden	42	36	<b>32</b>
Germany	10	11	<b>13</b>
Italy	7	11	<b>11</b>
Denmark	11	8	<b>8</b>
Great Britain	6	6	<b>6</b>
France	4	5	<b>6</b>
Norway	4	4	<b>4</b>
Finland	3	3	<b>3</b>
USA	1	3	<b>3</b>
Spain	3	3	<b>3</b>
Netherlands	3	3	<b>3</b>
Others	6	7	<b>8</b>
Total	100	100	<b>100</b>

## Production

Production at the hot rolling strip mill increased by 8% to 2,675 (2,481) thousand tonnes. The increase is primarily due to the fact that the mill was operated during the extended holidays in the spring and that the summer break was reduced by a further week.

Within metallurgy, crude steel production increased somewhat to 2,210 (2,180) thousand tonnes. Deliveries of crude steel to Inexa Profil ceased in the autumn of 2001 and thereafter all available crude steel has been cast as steel slabs. The increased volume of slabs achieved thereby will be gradually used for sheet production. However, in 2002 approx. 150 thousand tonnes were sold to other steel companies.

Production kt	2000	2001	2002	Change in %
Coke	714	705	<b>636</b>	- 10
Crude steel	1,798	2,180	<b>2,210</b>	+ 1
Hot-rolled	1,222	1,285	<b>1,425</b>	+ 11
Cold-rolled	567	531	<b>561</b>	+ 6
Metal-coated	355	328	<b>319</b>	- 3
Organic-coated	205	209	<b>237</b>	+ 13

## Profit

Profit increased by SEK 47 million to SEK 196 million. The increase in profit was primarily due to increased volumes.

#### 11 Hot Rolling Strip Mill

The slab is first rolled in a rougher to a thickness of approximately 30 mm after which it is rolled up into a coil box. Thereafter, it is rolled through six finishing stands.

#### 12. Coiler

The hot strips are reeled up into large coils which either go on to cold-rolling, are sold as hot-rolled coils, or are cut to sized sheets.

#### 13. Pickling

In the pickling process, the iron oxide scale is removed from the surface of the hot-rolled strips by dipping them in hydrochloric acid.

#### 14. Cold-Rolling Mill

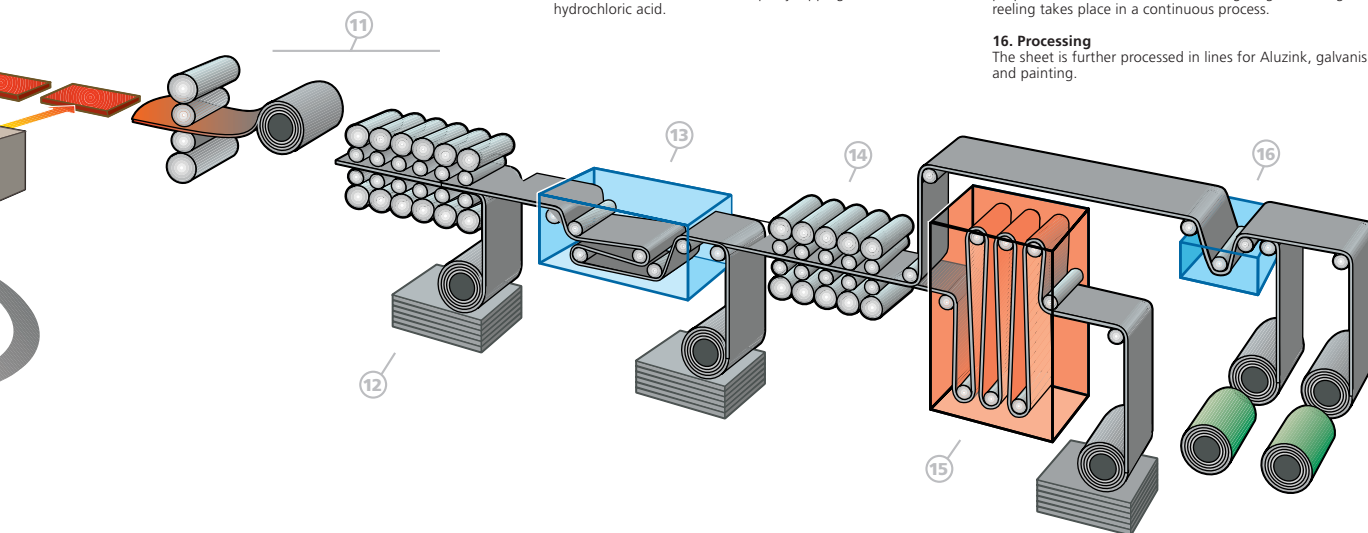
The pickled strips are cold-rolled in a tandem mill giving them a better finish and closer tolerance. From the tandem mill, the sheet goes on to either annealing or to the metalising lines.

#### 15. Annealing

Annealing gives the sheet more uniform internal and surface properties. Heat treatment, trim rolling, edge trimming, and reeling takes place in a continuous process.

#### 16. Processing

The sheet is further processed in lines for Aluzink, galvanising, and painting.



### Capital expenditures

In 2002, a decision was taken to carry out a first and second stage of a renovation of the coking plant in Luleå. In 2003, a decision has been taken to carry out a third and final stage of the renovation. The total investment amounts to SEK 330 million and is expected to be completed in 2003.

The investment in two new cutting lines for the formatting to size of high-strength sheet is being implemented. The new cutting lines, at a total cost of approx. SEK 200 million, will be brought into operation in 2003 and will render possible increased volumes of cut to size EHS/UHS sheet.

### Product and process development

Product development is focused on EHS/UHS sheet with respect to both increased durability and expanded dimension area.

Cold-rolled and metal-coated EHS/UHS sheet with very good formability have been developed for applications within the automotive industry, as well as hot-rolled and cold-rolled EHS/UHS rust-resistant steels for, among other things, containers.

A large number of development projects are carried out together with customers. The aim of the projects is to assist customers in exploiting the advantages provided by the high-strength steels and, through the use thereof,

to further develop their applications. For example, during the year major cooperation projects have been carried out within frame designs for trucks and trailers involving hot-rolled extra high-strength sheet. In order to support the development work, resources are continually being developed within applications technology and technical customer support focusing on design, dimensioning, and automated manufacture.

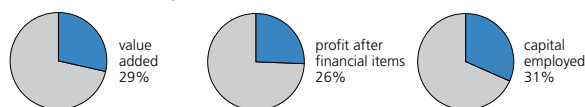
SSAB Tunnpålt has participated in the ULSAB-AVC project together with some thirty other steel companies. The project has demonstrated the advantages of modern EHS/UHS steels in a car concept involving requirements of low weight in combination with a high level of safety in the event of collisions.

Each year, SSAB Tunnpålt awards the Swedish Steel Prize to the person or company that has utilised high-strength sheet in an innovative manner. In 2002, the prize was awarded to Jindo Corporation in South-Korea, which has developed a new lightweight container in EHS/UHS sheet for land transports. The weight is at the same level as equivalent aluminium containers, but at an appreciably lower cost.

SEK millions	2000	2001	2002
Sales	4,732	4,882	<b>5,225</b>
Profit	140	246	<b>209</b>
Cash flow	87	- 321	<b>534</b>
Capital expenditures	560	331	<b>172</b>
Capital employed	4,234	4,698	<b>4,459</b>
Return on cap. empl. (%)	6	8	<b>7</b>
Number of employees	2,540	2,542	<b>2,528</b>

See note 21 for definitions

## Share of the Group's



Anders Werme, President SSAB Oxelösund



SSAB Oxelösund is the world's leading manufacturer of quenched steels. Quenched steels refers to plate with extra high strength and good weldability in combination with high abrasion-resistance and good formability. The main products within quenched steels are abrasion-resistant steels, HARDOX, and construction steels, WELDOX.

The HARDOX products are used in applications in which there are stringent requirements with regard to hardness, high-strength, and toughness, in combination with good welding and bending characteristics. Important areas of use include construction machinery and mining equipment.

The most prominent characteristics of the WELDOX products are good weldability and formability in combination with fine surfaces and flatness. These characteristics enable users to manufacture light, load-bearing products with a good total economy. Construction steels is used, among other things, in the manufacture of cranes, bridges, and offshore equipment.

Competitors within the quenched steels sector are primarily Thyssen Krupp Stahl and Dillingen in Europe, as well as Oregon and Algoma in North America.

Ordinary plate is used in the general engineering industry, shipbuilding industry and, to an increasing extent, the wind power industry. The majority of large Western European plate producers are competitors within the ordinary plate sector.

Manufacturing in Oxelösund is carried out in an integrated process from iron ore to finished plate in thicknesses of 3–155 mm and widths of up to 3,500 mm. A description of the production process, from raw materials to finished plate, is provided on pages 32–33. Thanks to the production equipment, it is possible to deliver plate with characteristics that are tailor-made for the requirements of different customers.

## The market

In order to increase sales of quenched steels, in recent years sales companies have been established in some 20 countries, primarily in Eastern Europe and Asia, as well as in South-Africa. During the year, a sales company was established in Mexico.

The establishment in China has been successful and volumes have increased rapidly to approx. 10,000 tonnes. In order to meet the continued strong demand in China, improved logistics solutions and an increase in the number of sales personnel are planned.

Deliveries of quenched steels increased by 6% during the year. Increased deliveries to Southern Europe and Asia compensated for the reduced demand on the large markets in Germany and the United States. Despite the tariffs that were introduced in the United States in the spring of 2002, deliveries have continued in order not to leave customers without material where there are no alternative suppliers. Prices for quenched steels in local currencies were unchanged during the year. Deliveries of ordinary plate increased by 24%, at prices that were largely unchanged in local currencies.

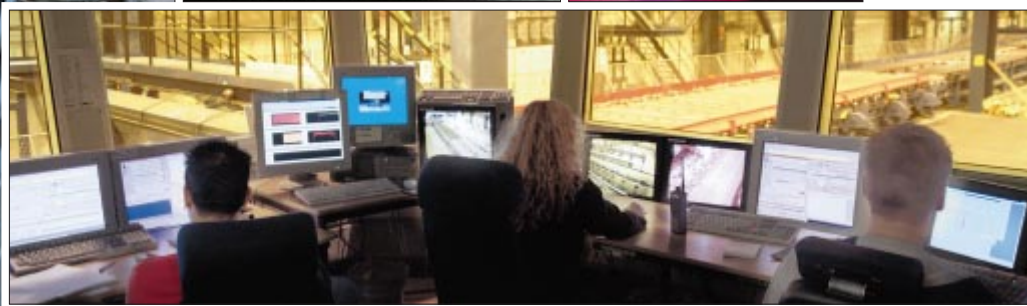
Approx. 87% of deliveries were exported. The largest markets are shown in the table on page 32.

## Production

Plate production in the four-high rolling mill increased during the year by 9%. Production of quenched steels increased in the new quenching line which was brought into operation in the autumn of 2001. The quenching line provides conditions for increasing quenched steels production capacity by 50%.

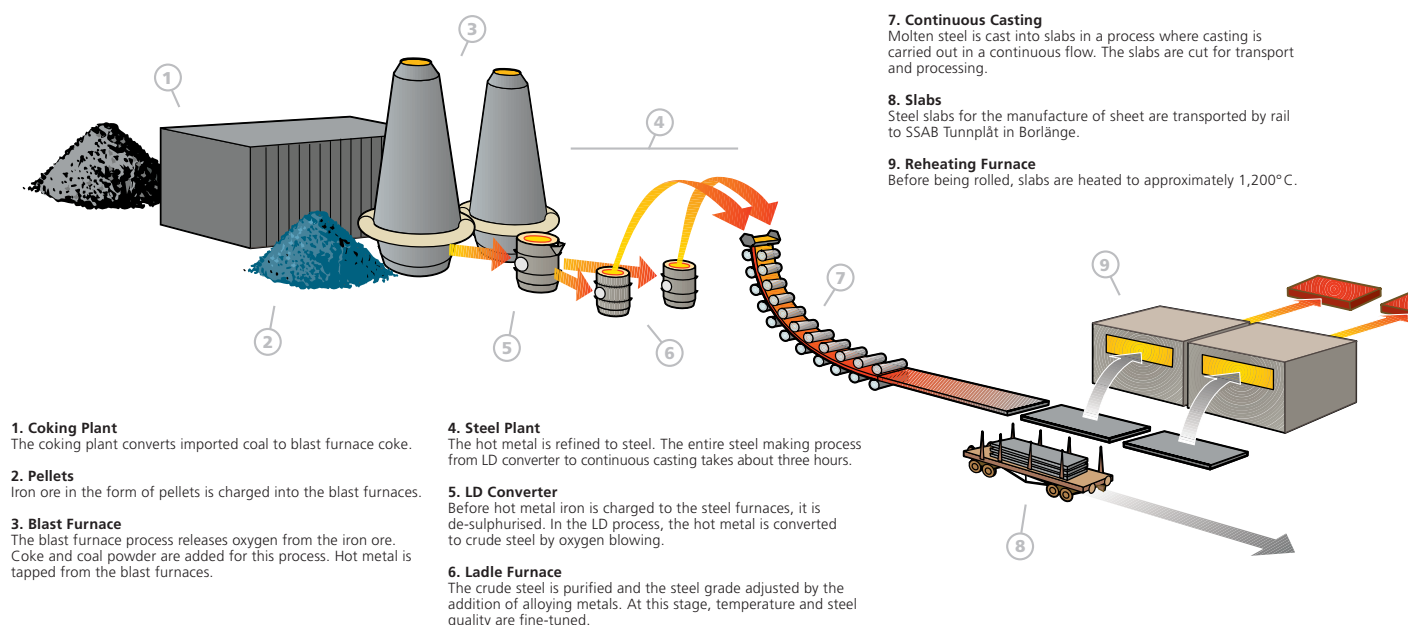
Slab production increased by 2% to 1,536 thousand tonnes. Of this volume, almost half was delivered to the





Quenched steels, i.e. the abrasion-resistant HARDOX steels and the extra high-strength structural WELDOX steels are used in applications with extreme demands for high strength in combination with good weldability or high abrasion resistance. The quenched steels are sold throughout the world and used in, among other areas, construction and mining equipment and mobile cranes. Approx. 55% of the deliveries consist of quenched steels.





Group company, SSAB Tunnsplåt, and 4% was sold to other steel companies. The remaining slab volumes have been further processed into plate in the company's own plants.

Production kt	2000	2001	2002	Change in %
Coke	433	443	<b>438</b>	- 1
Steel slabs	1,475	1,508	<b>1,536</b>	+ 2
Plate	507	535	<b>582</b>	+ 9

Share of deliveries (%)	2000	2001	2002
Germany	21	17	<b>18</b>
Sweden	14	14	<b>13</b>
Denmark	8	9	<b>7</b>
Italy	5	5	<b>5</b>
Norway	6	4	<b>4</b>
USA	5	5	<b>4</b>
Finland	5	3	<b>4</b>
Canada	3	3	<b>3</b>
South Africa	1	3	<b>2</b>
Asia	5	6	<b>8</b>
Other EU countries	17	19	<b>19</b>
Others	10	12	<b>13</b>
Total	100	100	<b>100</b>

## Profit

Profit declined by SEK 37 million and amounted to SEK 209 (246) million. The decline in profit was primarily due to weaker margins.

## Capital expenditures

In recent years, major investments have been carried out in order to facilitate continued growth within quenched steels. In addition to investments in a new four-high rolling mill and a new quenching line, significant resources have also been invested within marketing and distribution.

In January 2003, a combined heat and power plant was acquired from Vattenfall. The plant is located within SSAB Oxelösund's industrial area and it is entirely dependent upon surplus gases from the metallurgy for its production of district heating and electricity.

## Development

Product development resources are concentrated on quenched steels. The use of quenched steels provides a number of advantages for users, including lighter constructions and reduced downtimes for replacement of worn parts.

In order to satisfy increasing demands for lightweight steel structures, e.g. for manufacturers of mobile cranes and concrete transport vehicles, improved methods are being developed for the rolling and quenching of thin-

**10. Four-High Rolling Mill**

In the four-high rolling mill, slabs are rolled into plate with thicknesses of 3-155 mm and widths of up to 3,500 mm.

**11. Direct Cooling**

In order to obtain the right toughness and strength, the newly rolled plate undergoes accelerated cooling with water to a determined temperature.

**12. Sizing**

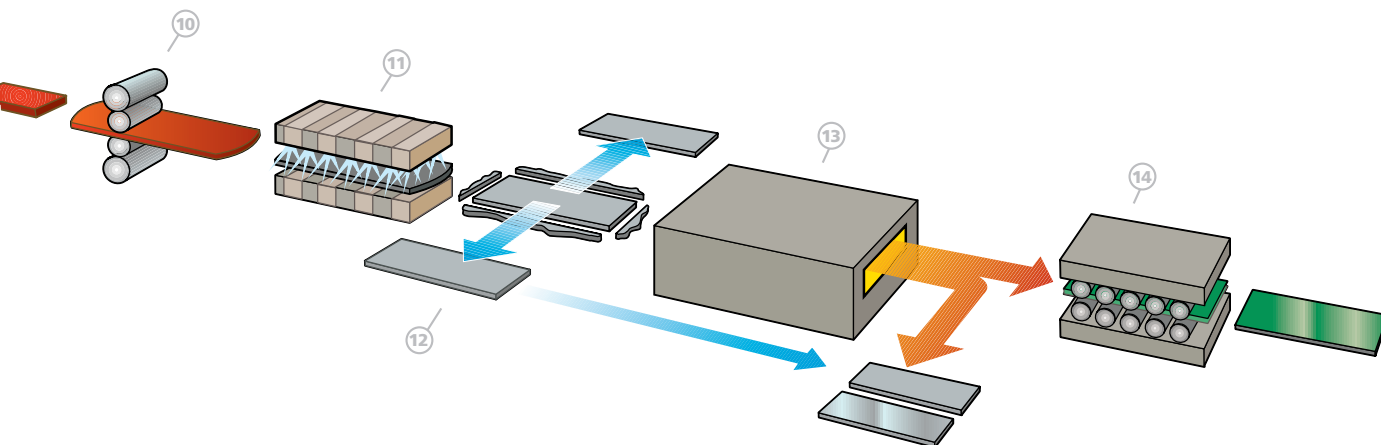
The plate is marked and sheared to size in a shear train or in a gas-cutting machine.

**13. Heat Treatment**

The plate is quenched and tempered in order to achieve the desired strength and toughness.

**14. Fabrication**

A large portion of the plate is blasted and painted.



ner dimensions. The development and production possibilities within these areas are significantly improved in the new rolling mill and quenching mill.

The development of quenched steels is taking place in close cooperation with customers and new, improved steels are often tested in especially demanding applications at a customer. The development work involves both applications engineers and experts within both development and production.

The HARDOX products are being upgraded continually and the product range is being expanded with new products. HARDOX HiTuf was launched at the beginning of 2002. HARDOX HiTuf has been developed

especially for applications involving extremely stringent fissure resistance and toughness requirements. The areas of use are primarily within the recycling and material handling industry.

During the year, the tool steel, TOOLOX, was launched as an entirely new product group. Development has taken place utilising experiences from HARDOX and WELDOX. The advantages of TOOLOX compared with other tool steels are primarily improved machinability. The product was introduced on the Swedish market in 2002 and will be introduced on a number of European markets in 2003.

SEK millions	2000	2001	2002
Sales	1,220	1,326	<b>1,195</b>
Profit	83	71	<b>86</b>
Cash flow	1	54	<b>92</b>
Capital expenditures	62	20	<b>28</b>
Capital employed	351	363	<b>312</b>
Return on cap. empl. (%)	26	20	<b>26</b>
Number of employees	431	471	<b>465</b>

See note 21 for definitions

## Share of the Group's



**Jan Hedlund, acting President.** New President from 1 May 2003, Thomas Björk.



Processing is of great strategic importance for the Group's possibility to maintain its strong domestic market position within the sheet sector.

Through many years of investment in product and market development accompanied by strategic corporate acquisitions, Plannja has become one of the leading European producers of processed building sheet with a geographical focus on the Nordic and Baltic regions.

The product range consists of flat and profiled building sheet, sheet roofing tiles, products for rainwater run-off, and sandwich-type wall panels. The products are used as load-bearing structures and as roofing and wall cladding for both residential and industrial premises. Plannja's marketing and sales are aimed at the contractor, sheet metal work, and consumer markets.

Most organic-coating of sheet is carried out at the company's organic-coating line in Luleå. The profiling of building sheet takes place in Luleå and at the subsidiaries in Denmark, Finland, and Poland. The manufacture of wall sections is concentrated on Luleå and Aalborg, while rainwater run-off products are manufactured by the subsidiary, Plannja Siba, in Järforsen.

Most of the operations are based on the use of metal-coated sheet. However, a small part of the production is based on aluminium. Plannja's annual consumption of sheet amounts to approx. 85,000 tonnes. Most of the material is supplied by SSAB Tunnplåt. Plannja's market share in the contractor and consumer markets in Sweden is just over 30%. Competitors include Haironville, Gasell, and Lindab Profile.

## The market

Demand for profiled building sheet in Sweden fell as a consequence of the low level of investments in industrial and commercial construction. On other markets, demand declined, primarily in Denmark, while continued positive trends were reported in Poland and Russia.

During the year, sales declined by 10% to SEK 1,195 (1,326) million. Foreign sales increased to 58 (57)%. The largest markets are shown in the following table.

Share of sales (%)	2000	2001	2002
Sweden	47	43	<b>42</b>
Other Nordic countries	32	36	<b>36</b>
EU excluding Nordic countries	10	9	<b>8</b>
Others	11	12	<b>14</b>
Total	100	100	<b>100</b>

## Profit

Despite lower volumes, profit increased by SEK 15 million to SEK 86 (71) million. The increase in profit was primarily due to higher margins and lower processing costs.

## Capital expenditures

Plannja enjoys a strong position on the markets in Sweden, Norway, and Denmark. In order to create additional growth, focus has been placed on neighbouring markets in the Baltic area. During the year, a new distribution centre was constructed in Finland, which will also serve the Russian market. In Luleå, investments have been carried out in order to increase the product range of sandwich elements.

## Development

Since the beginning of the 1990s, Plannja has been engaged in the development and manufacture of sandwich-type wall panels for various types of hall constructions. Increased demand for prefabricated sandwich sections has intensified the development work within this product area and the product range has been expanded with new wall sections.



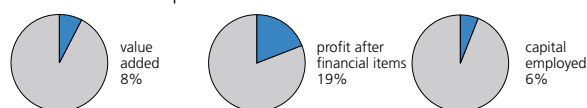
Construction materials in metal- or organic-coated profiled sheet are used both as supporting structures as well as roofing and facing products for residential and industrial premises as well as offices and schools, etc. The facing product, Plannja Panel, the beam system, Plannja Combideck and Plannja Siba's water run-off products are examples of Plannja's focus on complete and fully-planned systems solutions for both large and small construction projects.



SEK millions	2000	2001	2002
Sales	580	736	<b>835</b>
Profit	108	137	<b>156</b>
Cash flow	99	36	<b>75</b>
Capital expenditures	17	127	<b>103</b>
Capital employed	833	977	<b>895</b>
Return on cap. empl. (%)	19	19	<b>21</b>
Number of employees	312	379	<b>453</b>

See note 21 for definitions

## Share of the Group's



## Thord Jonsson, President SSAB HardTech



SSAB HardTech develops, manufactures, and markets safety components for the automotive industry. The operations are based on the technology of hardening boron steel in combination with form pressing. The press-hardening technology makes possible narrower tolerances, improved dimension stability, and weight reduction.

Production is carried out in Luleå and in Mason (Michigan, USA) based on boron steel supplied by SSAB Tunnpålt. The plant in Mason supplies the North American market with side impact beams and bumper beams. The plant in Luleå produces bumper beams and side impact beams, primarily for European markets. In addition, product development and the development of processing and tool technologies are carried out in Luleå.

Demands for low-fuel consumption have meant that most automobile manufacturers have been investing in ways to reduce the weight of the car. This, in combination with more stringent safety requirements and new impact norms, provides competitive advantages for press-hardened products.

The product range has gradually been expanded with bumper beams, chassis components, and more complex

multi-function side impact beams in which several functions are integrated.

Interest in press-hardened door pillars has increased through the introduction of impact tests with raised barriers in which collisions between SUVs and passenger cars are simulated. Tests conducted by insurance companies involving higher speeds than previously also contribute to an increased demand for stronger door frames. Deliveries of press-hardened door pillars and a press-hardened roof bow have commenced to the Volvo XC 90 during the year.

Competitors on the market for side impact beams include Benteler and Thyssen, while competitors on the market for bumper beams include Benteler, Wagon, and Hydro Automotive.

## The market

Deliveries increased by 16%. The strongest growth in volumes has taken place in the United States through deliveries to new car models that were introduced during the year.

Foreign sales accounted for 87 (82)% of deliveries. The largest markets are shown in the following table.

Share of sales in (%)	2000	2001	2002
USA	31	36	<b>42</b>
Germany	28	24	<b>24</b>
Sweden	15	18	<b>13</b>
Portugal	8	7	<b>6</b>
Spain	8	6	<b>4</b>
Great Britain	5	5	<b>5</b>
Others	5	4	<b>6</b>
Total	100	100	<b>100</b>

During the year, agreements regarding deliveries to new models were entered into with, among others, Ford, General Motors, DaimlerChrysler, BMW, and Volkswagen.

## Profit

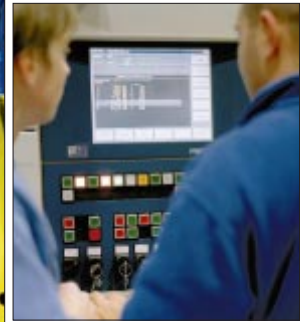
Increased volumes resulted in an improvement in profit by SEK 19 million to SEK 156 (137) million.

## Capital expenditures

During the year, a new production line was brought into operation in Mason as well as an additional line in Luleå. The line in Mason render possible the production of bumper beams also in the United States.

During the year, a decision was taken regarding an additional press-hardening line in Mason. It is estimated





Low weight for lower fuel consumption and greater demands for safety are key concepts in the automotive industry. Through its press-hardening technology, SSAB HardTech has participated in the development of safe, light and extremely cost efficient side impact beams, bumper beams and components for the automobile's safety cage.

that the line will be brought into operation at the beginning of 2004. A decision has also been taken to construct a collision test facility in Luleå.

### Development

Development of safety components takes place in close cooperation with a number of automotive manufacturers in both Europe and the United States. It is thereby possible to exploit to the full the advantages offered by press-hardening technology.

Bumper beam systems have been developed which minimise injuries to pedestrians. The bumper beam system fulfils pending EU requirements and, in addition, takes up less space in the vehicle than competing systems.

The new bumper beam system collision facility which is being constructed in Luleå will reduce lead times and result in lower costs for the development of new products.

SEK millions	2000	2001	<b>2002</b>
Sales	6,918	6,475	<b>5,424</b>
Profit *)	213	185	<b>75</b>
Cash flow	- 218	579	<b>115</b>
Capital expenditures	122	70	<b>84</b>
Capital employed	1,629	1,441	<b>1,401</b>
Return on cap. empl. (%)	15	13	<b>7</b>
Number of employees	1,731	1,572	<b>1,057</b>

\*) The profit for 2000 does not include Tibnor's share of SPP's surplus funds, SEK 186 million. See note 21 for definitions

#### Share of the Group's



Mikael Nyquist, President Tibnor



Tibnor, the leading trading company on the Swedish steel market, is an important sales channel for the steel operations' products on the Swedish market. The company is owned by SSAB (85%) and AvestaPolarit (15%).

The supply of steel to the Swedish market takes place through steel trading companies and directly from Swedish and foreign steel mills. Other companies in the market include various steel service centres with cutting and slitting lines together with companies specialising within certain product segments.

Tibnor focuses on customers within the engineering, construction, and processing industries. Competitors in Sweden include Bröderna Edstrand and ASVA, as well as a number of smaller and often specialised companies which primarily conduct operations in local markets. Tibnor's nationwide sales, warehouse, and distribution functions facilitate the efficient provision of materials and supplies. By offering a wide range of products and services, Tibnor, with its business system, is an integral part of the customers' production flows.

Tibnor's sales are mainly steel-based and cover a range of commercial steels, special steels, tube and pipe,

and stainless steel. The remaining portion consists of non-ferrous metals and building-related products. The steel and metal products are increasingly delivered in a pre-treated and adapted form in order to be placed directly into the customer's production.

Tibnor's traditional core business lies within the areas of commercial steel and stainless steel in which a complete range of products is offered to industry. Resources for the pre-treatment of sheet through slitting and cutting to size are purchased from the affiliate, Dickson PSC. The company's own resources for the pre-treatment of other materials have been built up with respect to, among other things, cutting in lengths, blasting, painting, and figure cutting.

Within the area of special steels, Tibnor has established itself in the other Nordic countries and Poland through its own subsidiaries. In the metals business area, specialisation has taken place in trading in metals for industrial use. In addition to Sweden, Tibnor has operations in this area in Denmark and Finland and is the Nordic region's largest distributor of raw materials and semi-finished goods of aluminium, copper, brass, and zinc.

Tibnor offers the construction industry a range of steel-based construction products, concentrated on site preparation, foundations, and framework. Tibnor is one of Sweden's leading suppliers of reinforcement products and possesses two plants for the manufacture of insertion-ready re-bar products.

#### The market

Demand for steel products was restrained during the year. Demand from the passenger vehicles and telecom sectors has remained at a low level, while a certain recovery was noted with respect to heavy vehicles. In total, delivery volumes were somewhat lower than in 2001.

Sales SEK millions	2000	2001	<b>2002</b>	Change in %
Steel	1,531	1,672	<b>1,682</b>	+ 1
Sheet	1,694	1,486	<b>1,427</b>	- 4
Special steel	621	649	<b>614</b>	- 5
Stainless steel	501	487	<b>463</b>	- 5
Metals	993	1,012	<b>967</b>	- 4
Construction	244	262	<b>242</b>	- 8
Other	18	20	<b>29</b>	-
Industrial supplies	1,316	887	-	-
Total	6,918	6,475	<b>5,424</b>	- 16





With the market's broadest selection of commercial steels, special steels, tubing and stainless steel and with a nation-wide logistics system, Tibnor has become a natural link in its customer's production chains. The steel is delivered blasted, pre-painted, cut, sheared or slitted in order to be capable of being placed directly in the customer's production process. Metals and building-related products supplement the product range.

Tibnor's sales amounted to SEK 5,424 million and, excluding the industrial supplies group which was sold in 2001, were 3% lower than last year.

#### **Profit**

The profit in the operations amounted to SEK 75 million. As a consequence of the capital gain realised from the sale of the industrial supplies group in the previous year, profit in 2001 amounted to SEK 185 million.

#### **Capital expenditures**

In the autumn Linköpings Stål was purchased. The company trades in special and tool steels in Linköping. The acquisition constitutes part of an improved distribution to smaller and medium-sized customers. In December, a property was purchased in Eskilstuna to which the special steels operations are gradually being concentrated.

## Other companies

Profit after financial items in each company

SEK millions	2000	2001	2002
Coronet Finance	61	44	<b>36</b>
Cogent Power	66	- 21	<b>- 229</b>
Dickson PSC	17	24	<b>18</b>
Norsk Stål	- 15	34	<b>19</b>
Norsk Stål Tynnplater	15	- 22	<b>- 6</b>
Lulekraft	0	0	<b>0</b>
Oxelösunds Hamn	7	4	<b>5</b>

### Coronet Finance

Coronet Finance is a wholly owned Irish subsidiary which, until the end of 2002, met the financing requirements of, primarily, foreign subsidiaries. At the end of the year, the operations were discontinued and transferred to the Parent Company.

Profit fell to SEK 36 (44) million.

### Cogent Power

The company was formed in 1991 through a merger of SSAB and British Steel's operations within the electric steel's sector. The company is one of the largest producers of electric steels in Europe. Cogent Power is owned by Corus (75%) and SSAB Tunnplåt (25%). Manufacture takes place at Newport in South Wales and in Surahammar. In 2000, the German company, Kienle&Spiess, was acquired. This is the largest company in Europe for the stamping of electrical steels, with production facilities in Germany, Great Britain, Hungary, and the United States. There are in total 2,719 employees.

As a consequence of weak demand within both the electric steels and stamping operations, sales declined to SEK 3,669 (4,523) million. The result declined to SEK -229 (-21) million. The poorer result is a consequence of both lower volumes and weaker margins. An extensive programme of measures is currently being implemented. The costs for this programme of measures, amounting to approx. SEK 70 million, are included in the results for the year.

### Dickson PSC

Dickson is a service centre which pre-finishes sheet and provides the Swedish engineering industry with slit strips and sized blanks for direct use in the customers' production. The largest users are the automotive industry and its subcontractors.

Dickson's operations are of strategic significance for the development of Group's sheet operations in Sweden and, commencing 2003, Dickson constitutes a subsidiary of SSAB Tunnplåt.

Production units with cutting and slitting equipment are located in Borlänge and Gothenburg. There are 158 employees.

Delivery volumes were at a similar level to 2001. Profit declined to SEK 18 (24) million.

### Norsk Stål

Norsk Stål is Norway's largest steel wholesaler with a market share of approx. 40%. There are 303 employees.

Norsk Stål is owned by SSAB (50%) and Corus (50%).

Demand for steel in Norway declined within both ship-building and offshore industries and sales declined to SEK 1,492 (1,577) million. As a consequence of lower volumes, profit fell to SEK 19 (34) million.

### Norsk Stål Tynnplater

Norsk Stål Tynnplater is Norway's largest steel service centre with a market share of approx. 70%. There are 60 employees.

Norsk Stål Tynnplater is owned by SSAB (50%) and Corus (50%).

Demand in Norway for processed sheet declined and sales fell to SEK 373 (430) million. However, as a consequence of lower costs and improved margins, the result improved to SEK -6 (-22) million.

### Lulekraft

Lulekraft operates a combined heat and power plant in Luleå and is owned by SSAB (50%) and the municipality of Luleå (50%). The combined heat and power plant utilises energy-rich gases from SSAB Tunnplåt's slab manufacturing operation and produced 729 GWh of district heat and 557 GWh of electricity. The district heat is sold to Luleå Energi, which distributes it to approx. 20,000 households in the municipality of Luleå. The electricity is sold to SSAB Tunnplåt. There are 31 employees.

Sales increased to SEK 250 (233) million. Profit amounted to SEK 0 (0) million.

### Oxelösunds Hamn

The port operations in Oxelösund are among the largest in Sweden. The port has excellent draught conditions and plays an important role in the Group's extensive imports of raw materials and exports of sheet and plate.

Oxelösunds Hamn is owned by SSAB Oxelösund (50%) and the municipality of Oxelösund (50%). There are 206 employees.

Sales increased to SEK 190 (180) million. Profit increased to SEK 5 (4) million.

## Consolidated Profit and Loss Account

SEK millions	2001	2002
Sales (Note 1)	19,682	19,271
Cost of goods sold (Note 2)	- 16,984	- 16,720
<b>Gross profit</b>	2,698	2,551
Selling expenses (Note 2)	- 1,611	- 1,301
Administrative expenses (Note 2)	- 175	- 204
Other operating revenues (Note 1)	420	246
Other operating expenses (Note 2)	- 267	- 244
Shares in earnings of affiliated companies (Note 3)	3	- 48
<b>Operating profit</b>	1,068	1,000
Financial items (Note 4)	- 155	- 184
<b>Profit after financial items</b>	913	816
Tax (Note 5)	- 277	- 231
Minority shares in earnings	- 17	- 8
<b>Net profit for the year</b>	619	577
Earnings per share, SEK (Note 21)	6.12	5.72
Dividend per share, SEK – 2002 proposal	5.00	6.00
Return on capital employed before tax (Note 21)	8%	8%
Return on equity after tax (Note 21)	6%	6%



# Consolidated Balance Sheet

SEK millions	2001	2002
<b>ASSETS</b>		
<b>Fixed assets</b>		
Intangible assets (Note 6)	62	42
Tangible assets (Note 7)	9,027	8,808
Financial assets (Note 8)	1,098	818
<b>Total fixed assets</b>	10,187	9,668
<b>Current assets</b> (Note 3)		
Inventories, etc. (Note 9)	4,795	4,585
Accounts receivable	2,871	3,082
Prepaid expenses and accrued revenues (Note 10)	367	209
Other current receivables (Note 5)	448	516
Cash and bank balances	460	416
<b>Total current assets</b>	8,941	8,808
<b>Total assets</b>	19,128	18,476
<b>EQUITY AND LIABILITIES</b>		
<b>Equity</b> (Note 11)		
<i>Restricted equity:</i>		
Share capital	2,522	2,522
Restricted reserves	3,003	3,164
<i>Unrestricted equity:</i>		
Unrestricted reserves	3,609	3,533
Net profit for the year	619	577
<b>Total equity</b>	9,753	9,796
<b>Minority shares</b>	173	162
<b>Provisions</b>		
Provisions for pensions	141	146
Deferred taxes (Note 12)	1,718	1,811
Other provisions	14	21
<b>Total provisions</b>	1,873	1,978
<b>Long-term liabilities</b> (Note 13)	2,380	2,101
<b>Current liabilities</b> (Note 3)		
Liabilities to credit institutions	1,970	1,720
Accounts payable	1,539	1,415
Accrued expenses and deferred income (Note 14)	1,006	1,069
Other current liabilities (Note 5)	434	235
<b>Total current liabilities</b>	4,949	4,439
<b>Total equity and liabilities</b>	19,128	18,476
<b>Pledged assets</b> (Note 18)	76	96
<b>Contingent liabilities</b> (Note 19)	88	56

# Consolidated Cash Flow Statement

SEK millions	2001	2002
<b>BUSINESS OPERATIONS</b>		
<b>Cash flow from operations</b>		
Sales	19,682	<b>19,271</b>
Other operating revenues	420	<b>246</b>
Operating expenses (excluding depreciation)	– 17,896	<b>– 17,357</b>
Financial items (Note 20)	– 155	<b>– 184</b>
Tax (Note 20)	– 335	<b>– 172</b>
Other items	– 125	<b>+ 28</b>
	<b>+1,591</b>	<b>+ 1,832</b>
<b>SPP surplus funds</b>		
Funds received	+ 63	<b>+ 143</b>
Tax paid on funds	– 142	<b>–</b>
	<b>– 79</b>	<b>+ 143</b>
<b>Working capital</b>		
Inventories (+ decrease)	– 706	<b>+ 211</b>
Accounts receivable (+ decrease)	+ 89	<b>– 210</b>
Accounts payable (+ increase)	– 171	<b>– 125</b>
Other current receivables (+ decrease)	– 76	<b>+ 149</b>
Other current liabilities (+ increase)	+ 9	<b>+ 48</b>
	<b>– 855</b>	<b>+ 73</b>
<b>INVESTMENT OPERATIONS</b>		
Investments in plants and facilities	– 933	<b>– 902</b>
Acquisition of new operations (Note 20)	– 9	<b>– 4</b>
Sale of operations (Note 20)	+ 428	<b>–</b>
Repaid equity in affiliated companies	–	<b>+ 26</b>
Sale of plants	+ 16	<b>+ 32</b>
Other long-term receivables (+ decrease)	– 8	<b>+ 8</b>
	<b>– 506</b>	<b>– 840</b>
<b>CASH FLOW</b>	<b>+ 151</b>	<b>+ 1,208</b>
<b>FINANCING OPERATIONS</b>		
Dividends to shareholders	– 504	<b>– 504</b>
Repurchase of own shares	– 150	<b>–</b>
Changes in long-term loans (+ increase)	+ 486	<b>– 347</b>
Changes in short-term loans (+increase)	– 242	<b>– 250</b>
Tax liabilities (+ increase)	– 32	<b>– 83</b>
Other financing (+ increase)	– 15	<b>– 68</b>
	<b>– 457</b>	<b>– 1,252</b>
<b>CHANGE IN LIQUID ASSETS</b>	<b>– 306</b>	<b>– 44</b>
<b>LIQUID ASSETS</b> (Note 21)		
Balance on January 1	+ 766	<b>+ 460</b>
Change in liquid assets	– 306	<b>– 44</b>
<b>Balance on December 31</b>	<b>+ 460</b>	<b>+ 416</b>
Non-utilised bank credit	+ 2,305	<b>+ 2,144</b>
<b>Disposable liquid assets</b>	<b>+ 2,765</b>	<b>+ 2,560</b>

## Parent Company's Profit and Loss Account

[illegible]

# Parent Company's Balance Sheet

SEK millions	2001	2002
<b>ASSETS</b>		
<b>Fixed assets</b>		
Tangible assets (Note 7)	5	1
Financial assets (Note 8)	3,841	2,938
<b>Total fixed assets</b>	3,846	2,939
<b>Current assets</b> (Note 3)		
Receivables from subsidiaries	5,644	6,251
Prepaid expenses and accrued revenues (Note 10)	3	2
Other current receivables (Note 5)	132	151
Cash and bank balances	295	242
<b>Total current assets</b>	6,074	6,646
<b>Total assets</b>	9,920	9,585
<b>EQUITY AND LIABILITIES</b>		
<b>Equity</b> (Note 11)		
<i>Restricted equity:</i>		
Share capital	2,522	2,522
Premium reserve	20	20
Statutory reserve	640	640
<i>Unrestricted equity:</i>		
Profit brought forward	673	903
Net profit for the year	843	751
<b>Total equity</b>	4,698	4,836
<b>Untaxed reserves</b> (Note 12)	297	204
<b>Provisions</b>		
Provisions for pensions	6	6
<b>Total provisions</b>	6	6
<b>Long-term liabilities</b>		
Liabilities to subsidiaries	51	51
Other long-term liabilities (Note 13)	2,271	1,951
<b>Total long-term liabilities</b>	2,322	2,002
<b>Current liabilities</b> (Note 3)		
Liabilities to subsidiaries	588	796
Liabilities to credit institutions	1,881	1,619
Accrued expenses and deferred income (Note 14)	75	68
Other current liabilities (Note 5)	53	54
<b>Total current liabilities</b>	2,597	2,537
<b>Total equity and liabilities</b>	9,920	9,585
<b>Pledged assets</b> (Note 18)	2	5
<b>Contingent liabilities</b> (Note 19)	147	134

# Parent Company's Cash Flow Statement

SEK millions	2001	2002
<b>BUSINESS OPERATIONS</b>		
<b>Cash flow from operations</b>		
Other operating revenues	+ 5	+ 4
Operating expenses (excluding depreciation)	- 55	- 64
Financial items (excl. div. from subsidiaries) (Note 20)	+ 35	+ 151
Tax (Note 20)	- 14	- 4
Other	- 2	- 1
	- 31	+ 86
<b>SPP surplus funds</b>		
Funds received	+ 47	+ 63
Tax paid on funds	- 100	-
	- 53	+ 63
<b>Working capital</b>		
Current receivables (+ decrease)	- 37	- 15
Current liabilities (+ increase)	+ 54	- 5
Commercial intra-group transactions	- 5	+ 4
	+ 12	- 16
<b>INVESTMENT OPERATIONS</b>		
Investments in plants and facilities	- 1	-
Sale of plants	0	+ 4
Investments in subsidiaries	+ 560	+ 760
Other long-term receivables (+ decrease)	0	0
	+ 559	+ 764
<b>CASH FLOW</b>	+ 487	+ 897
<b>FINANCING OPERATIONS</b>		
Dividends to shareholders	- 504	- 504
Dividends from subsidiaries	+ 788	+ 612
Repurchase of own shares	- 150	-
Group contributions	-	- 150
Changes in long-term loans (+ increase)	+ 477	- 320
Changes in short-term loans (+ increase)	- 272	- 262
Financial intra-group transactions	- 650	- 318
Other financing (+ increase)	- 16	- 8
	- 327	- 950
<b>CHANGES IN LIQUID ASSETS</b>	+ 160	- 53
<b>LIQUID ASSETS</b> (Note 21)		
Balance on January 1	+ 135	+ 295
Changes in liquid assets	+ 160	- 53
<b>Balance on December 31</b>	+ 295	+ 242
Non-utilised bank credit	+ 2,222	+ 2,115
<b>Disposable liquid assets</b>	+ 2,517	+ 2,357



## ACCOUNTING AND VALUATION PRINCIPLES

The annual report has been prepared in accordance with the Swedish Annual Accounts Act and the recommendations and policy statements of the Swedish Financial Accounting Standards Council.

During the year, seven new recommendations from the Swedish Financial Accounting Standards Council were implemented. None of these recommendations have had any noteworthy effect on the profit reported for the year or on equity.

### Consolidated Accounts

The consolidated accounts include SSAB Svenskt Stål AB and the companies in which the Parent Company directly or indirectly owns shares representing more than 50% of the voting capital or otherwise exercises a controlling interest. Companies which are not subsidiaries but in which SSAB owns at least 20% of the voting capital or otherwise exercises a controlling interest are reported as affiliated companies in accordance with the equity method.

The consolidated accounts are prepared in accordance with the acquisition method, entailing that the equity of a subsidiary at the time of acquisition – defined as the difference between the actual value of assets and liabilities – is eliminated in its entirety. Thus, the Group's equity includes only such portion of a subsidiary's equity as arises subsequent to the acquisition.

Goodwill and surplus value in fixed assets are depreciated in accordance with the principles set forth below under "Fixed Assets".

The Group's foreign subsidiaries have been classified as independent foreign operations. The profit and loss accounts of foreign subsidiaries are translated into Swedish kronor at the average exchange rate for the year, while their balance sheets are translated into Swedish kronor at the closing day rate. The translation differences that arise are transferred directly to the Group's equity.

Upon the sale of foreign subsidiaries, accumulated exchange rate differences that are attributable to the foreign company are reported as income/expenses in the consolidated profit and loss account. No reliable historical reporting of these exchange rate differences is available. They are, however, of minor significance. Accumulated exchange rate differences for the period before 1999 have thus not been taken into consideration.

Commencing 1999, Group goodwill with respect to the independent foreign operations is treated as an asset in the foreign operations and, therefore, is translated in accordance with the same principles as the foreign subsidiaries. However, since this type of goodwill is of minor significance, the historical figures prior to 1999 have not been re-calculated.

Intra-Group profits in subsidiaries' inventories are eliminated in the consolidated accounts.

In the Consolidated Cash Flow Statement, purchase prices for acquired or sold operations are reported under the heading "Acquisitions/sales of operations/companies". The assets and liabilities held in the acquired/sold companies at the time of the acquisition/sale are, therefore, not included in the changes in working capital reported in the cash flow statement.

### Receivables and Liabilities in Foreign Currencies

Receivables and liabilities in foreign currencies are valued at closing day rates. In cases where exchange rates have been hedged through forward contracts, the forward rate is applied in the valuation.

Loans which were incurred in order to hedge net assets in foreign subsidiaries are reported by the Parent Company at acquisition cost. In the consolidated accounts, these loans are reported at closing day rates. Any exchange differences less deferred taxes are transferred directly to equity and thereby set off against the translation differences which arise in conjunction with the translation of these subsidiaries' balance sheets into Swedish kronor.

### Inventories

Inventories are valued at the lower of cost or market. Raw materials and products in the trading operations are thereby valued at the lower of the acquisition or replacement cost, while manufactured goods are valued at the lower of the manufacturing cost or the sales value after deduction of sales and administrative expenses. Necessary provisions are made for obsolescence.

**Fixed Assets**

Fixed assets are reported after deductions for accumulated depreciation according to plan. Depreciation according to plan is based on the acquisition cost and estimated economic life of the assets. Borrowing costs, if incurred, are not included in the acquisition cost but, instead, are booked as expenses as they arise.

Tangible fixed assets are classified for depreciation purposes into groups on the basis of estimated economic life according to the following table.

Examples of items	Economic life, years
Vehicles, office equipment, and computers	3–10
Light machinery	7–15
Heavy machinery	
Relining of blast furnaces	12–15
Steel furnaces, rolling mills, and cranes	15–20
Blast furnaces and coke ovens	20–25
Buildings and land improvements	20–50

Intangible fixed assets are classified in the same manner in two groups where goodwill is estimated to have an economic life of 5 years and other intangible fixed assets, 3–5 years.

The linear depreciation method is used in respect of all types of assets.

**Leased Fixed Assets**

Expenses for fixed assets that are leased instead of owned are primarily reported as lease expenses (operational leasing). Where the leasing agreements contain terms and conditions pursuant to which the Group benefits from the economic advantages and incurs the economic risks that are associated with ownership of the property (financial leasing), they are reported in the consolidated balance sheet under 'Fixed Assets'. This does not apply, however, to the leasing of passenger cars and office machinery of a low value.

**Sales**

Sales are reported upon delivery of the goods to the customer. Sales are reported after deduction of value-added taxes, rebates, returns, and freight.

**Pricing between Group companies**

The prices of goods and services delivered between companies in the Group are set at comparable market levels. Deliveries of slabs from SSAB Oxelösund to SSAB Tunnsplåt, however, are set at the estimated cost price.

**Cash Flow Statements**

The cash flow statements are prepared in accordance with the indirect method. Liquid assets in the cash flow statements consist of cash and bank balances.

**Appropriations and Deferred Taxes**

Tax legislation in Sweden and in certain other countries permits consolidation by allocation to untaxed reserves. In this way, individual companies are able, to some extent, to dispose of reported profits without being subject to immediate taxation.

In the Parent Company, changes in untaxed reserves that have been made during the year are reported in the Profit and Loss Account. The cumulative value of such allocations is reported in the Parent Company's Balance Sheet under the item 'Untaxed Reserves'.

In the consolidated accounts, however, appropriations and untaxed reserves are not reported. Instead, these are broken down into equity and deferred taxes, applying the tax rate relevant in each country. The changes for the year in the calculated deferred tax in the appropriations are reported in the consolidated profit and loss account as deferred tax expenses.

The deferred taxes on other temporary differences between the booked valued of assets /liabilities and their respective taxable values are reported as deferred tax liabilities or deferred tax claims.

However, a deferred tax claim is only reported as an asset to the extent that there exist factors that convincingly indicate that sufficient taxable surpluses will be available.

**Parent Company Group Contributions**

Group contributions and the tax consequences thereof are reported directly against equity and thus do not affect the result.

## 1 SALES AND OTHER OPERATING REVENUES

<b>Sales per product area</b>	Group	
SEK millions	2001	2002
Hot-rolled sheet	3,955	<b>4,263</b>
Cold-rolled and metal-coated sheet	3,114	<b>3,222</b>
Organic-coated and profiled sheet	2,947	<b>2,877</b>
Plate	3,364	<b>3,606</b>
Trading operations	3,728	<b>3,596</b>
Industrial supplies group (sold on Sept. 1, 2001)	887	–
Vehicle components	736	<b>835</b>
By-products	407	<b>442</b>
Crude steel and slabs	512	<b>393</b>
Other	32	<b>37</b>
Total	19,682	<b>19,271</b>

Sales broken down per operating area and geographic market are set forth in the Group review on pages 22 and 17.

<b>Other operating revenues</b>	Group		Parent Company	
SEK millions	2001	2002	2001	2002
Capital gains from sale of industrial supplies group	135	–	–	–
Other	285	<b>246</b>	5	<b>4</b>
Total	420	<b>246</b>	5	<b>4</b>

## 2 OPERATING EXPENSES

<b>Type of cost</b>	Group		Parent Company	
SEK millions	2001	2002	2001	2002
Raw materials	5,176	<b>5,425</b>	–	–
Purchased products in the steel operations	310	<b>352</b>	–	–
Purchased products in the processing and trading operations	4,424	<b>3,599</b>	–	–
Energy	977	<b>1,001</b>	–	–
Personnel	3,986	<b>3,901</b>	31	<b>35</b>
Services	1,552	<b>1,542</b>	8	<b>8</b>
Depreciation	1,141	<b>1,111</b>	1	<b>0</b>
Other	1,471	<b>1,537</b>	15	<b>21</b>
Total	19,037	<b>18,468</b>	55	<b>64</b>

'Services' includes fees and compensation to accounting firms in the following amounts:

<b>Auditing fees</b>				
PricewaterhouseCoopers	3	<b>3</b>	1	<b>1</b>
KPMG	1	<b>1</b>	–	–
Others	1	<b>1</b>	–	–
Total auditing fees	5	<b>5</b>	1	<b>1</b>
<b>Other compensation to accounting firms</b>				
PricewaterhouseCoopers	1	<b>2</b>	0	<b>0</b>
KPMG	2	<b>1</b>	–	–
Others	1	<b>1</b>	–	–
Total other compensation	4	<b>4</b>	0	<b>0</b>

Continuation of note 2 on next page.

## 2 OPERATING EXPENSES, CONTINUATION

Operating expenses have been reduced by the following state subsidies:

SEK millions	Group 2001	2002	Parent Company 2001	2002
Freight subsidies	14	11	–	–
Other	5	2	–	–
Total	19	13	–	–

Wages, other compensation, and social security expenses SEK millions	Directors, Presidents, and Executive Vice Presidents 2001	2002	Other employees 2001	2002
Parent Company <sup>1)</sup>	8	7	10	11
Subsidiaries in Sweden	18	18	2,431	2,356
Subsidiaries outside Sweden:				
Canada	1	1	11	9
Denmark	5	4	75	72
Finland	3	3	31	33
France	1	1	5	7
Germany	0	0	19	23
Italy	2	1	19	15
Netherlands	1	1	7	8
Norway	2	2	14	16
Poland	5	4	7	9
South Africa	0	0	8	5
UK	3	3	28	28
USA	3	3	58	61
Other countries	4	4	17	19
Total wages and salaries <sup>2)</sup>	56	52	2,740	2,672
Social security expenses	21	33	1,151	1,144
(of which, pension expenses)	(8)	(19)	(172)	(169)
Profit-sharing scheme	0	0	18	0
Total	77	85	3,909	3,816

<sup>1)</sup> Relates only to personnel employed and active within the Parent Company. Personnel in certain major subsidiaries are formally employed in the Parent Company but are listed in terms of number (Note 16) and expense in the respective subsidiaries.

<sup>2)</sup> Total wages and salaries include profit-based salaries to Presidents and Executive Vice Presidents in the amount of SEK 1 (2) million.

### Terms of Employment for Senior Group Management

#### Chairman of the Board

Director's fee of SEK 0.4 (0.4) million.

#### Salaries and compensation for the Chief Executive Officer and other Group Management

Within the Board of Directors there is a compensation committee which determines salary and employment terms and conditions for the Chief Executive Officer and establishes the scope of the salary and employment terms and conditions of other members of Group Management. The committee includes Leif Gustafsson, Anders G. Carlberg, and Anders Ullberg. Anders Ullberg does not participate in the determination of salary and employment terms and conditions of the Chief Executive Officer.

Compensation to the Chief Executive Officer and other members of Group Management consists of a fixed and a variable salary element. The variable salary is related to the Group's return on equity and may amount to not more than 45% of the fixed salary. There is no share-related compensation. However, members of group management have undertaken to, in the market, acquire options in respect of SSAB shares for a portion of the variable salary.

*Continuation of note 2 on next page.*



## 2 OPERATING EXPENSES, CONTINUATION

*Salaries and compensation for the Chief Executive Officer and other Group Management, continuation*

### President and Chief Executive Officer

Total compensation amounted to SEK 4.4 (4.3) million, of which SEK 0.6 (0.7) million consisted of the profit-based salary, which will be paid during the coming year.

The earliest retirement age is 60. Pension between the ages of 60 and 65 is determined as a benefit and will thereupon amount to 65% of the fixed salary. Thereafter, the pension is based on contributions and, at present, is estimated to amount to approx. 40% of the fixed salary. The commitment is covered by insurance. The cost for pension premiums amounted to 95% of the fixed salary. SEK 1.1 million of the pension cost related to retroactive pension premiums with respect to 2001. The entire pension commitment is inviolable. However, the above-stated benefit levels are conditional on the CEO continuing to serve until the age of 60.

There is a 12-month period of notice in the event of dismissal by the company. In addition, severance payment equivalent to 12 months' salary is payable. Termination by the CEO is subject to six months notice and, in such situation, there is no entitlement to severance payment.

### Other Group Management

Group Management is presented on page 65. Göran Carlsson has been a member of Group Management from May 2002 and, accordingly, from such date his compensation and benefits are included in the information presented below.

Total compensation and benefits to Group Management, excluding the Chief Executive Officer, amounted to SEK 7.3 (5.5) million, of which SEK 1.0 (0.8) million consisted of profit-based salary, which will be paid during the coming year.

Retirement ages vary between 60 and 65 years. Pensions are based on benefits and the commitments are covered by insurance. Pension premium costs amounted to 23% of the total fixed salary.

There is a 12-month period of notice in the event of dismissal by the company. In addition, severance payment equivalent to 12 months' salary is payable. Termination by the employee is subject to six months notice and, in such situation, there is no entitlement to severance payment.

## 3 AFFILIATED COMPANIES

Share in earnings and share of equity SEK millions	Share in earnings		Share of equity	
	2001	2002	2001	2002
Cogent Power Ltd	- 5	- 57	399	292
Lulekraft AB	0	0	10	10
Norsk Stål A/S	17	9	92	91
Norsk Stål Tynnplater A/S	- 11	- 3	22	21
Oxelösunds Hamn AB	2	3	45	45
Total	3	- 48	568	459

Receivables from affiliated companies SEK millions	Group		Parent Company	
	2001	2002	2001	2002
are included in:				
Accounts receivable	107	154	-	-
Accrued revenues	12	17	-	-
Total	119	171	-	-

Liabilities to affiliated companies SEK millions	Group		Parent Company	
	2001	2002	2001	2002
are included in:				
Accounts payable	29	42	-	-
Total	29	42	-	-

The following transactions with affiliated companies occurred during the year.

Cogent Power purchased steel from SSAB Tunnpå for SEK 266 (266) million. Lulekraft purchased gas from SSAB Tunnpå for SEK 204 (183) million and sold power to SSAB Tunnpå for SEK 134 (77) million. Norsk Stål and Norsk Stål Tynnplater purchased steel from the steel operations for SEK 187 (191) million. Oxelösunds Hamn sold port services to SSAB Oxelösund for SEK 174 (185) million and purchased other services for SEK 10 (11) million. The transactions took place at market prices.

## 4 FINANCIAL ITEMS

SEK millions	Group		Parent Company	
	2001	2002	2001	2002
<b>Financial Income</b>				
Dividends from subsidiaries	–	–	788	<b>612</b>
Dividends from affiliated companies	–	–	3	<b>12</b>
Profit from other securities and claims which constitute fixed assets				
Dividends	0	<b>2</b>	0	<b>0</b>
Interest income from subsidiaries	–	–	38	<b>32</b>
Other interest income	24	<b>18</b>	16	<b>13</b>
Capital gains on sales	0	<b>0</b>	–	–
Exchange rate differences	0	<b>0</b>	–	–
Other interest income and similar income				
Interest income from subsidiaries	–	–	233	<b>241</b>
Other interest income	54	<b>25</b>	23	<b>5</b>
Capital gains on sales	0	<b>0</b>	–	–
Recovered written-down investments	0	<b>0</b>	0	<b>0</b>
Exchange rate differences	17	<b>6</b>	– 41	<b>70</b>
Total financial income	95	<b>51</b>	1,060	<b>985</b>
<b>Financial expenses</b>				
Interest expenses to subsidiaries	–	–	23	<b>20</b>
Other interest expenses	238	<b>225</b>	213	<b>202</b>
Estimated financial expenses on pension liabilities	5	<b>5</b>	0	<b>0</b>
Other	7	<b>5</b>	0	<b>0</b>
Total financial expenses	250	<b>235</b>	236	<b>222</b>
Financial items	– 155	<b>– 184</b>	824	<b>763</b>

## 5 TAXES

Tax expenses	Group		Parent Company	
SEK millions	2001	2002	2001	2002
Swedish corporate income taxes	290	<b>128</b>	14	<b>45</b>
Foreign corporate income taxes	44	<b>44</b>	–	–
Total current tax expenses	334	<b>172</b>	14	<b>45</b>
Deferred taxes	– 61	<b>73</b>	1	<b>0</b>
Share in taxes of affiliated companies	4	<b>– 14</b>	–	–
Reported tax expenses	277	<b>231</b>	15	<b>45</b>

Continuation of note 5 on next page.

## 5 TAXES, CONTINUATION

<b>Reconciliation of tax rates</b>	Group		Parent Company	
%	2001	2002	2001	2002
Applicable tax rate in Sweden	28	<b>28</b>	28	<b>28</b>
Tax effect of:				
non-deductible expenses	1	<b>2</b>	0	<b>0</b>
non-taxable income	- 1	<b>- 1</b>	- 26	<b>- 22</b>
other tax rates applicable to foreign subsidiaries and affiliated companies	0	<b>0</b>	-	-
taxes relating to an earlier period	- 1	<b>- 1</b>	0	<b>0</b>
tax on sale of industrial supplies group	1	-	-	-
losses carried forward which it is believed cannot be utilised	2	<b>0</b>	-	-
previous non-booked tax claims for losses carried forward	0	<b>0</b>	-	-
Effective tax rate	30	<b>28</b>	2	<b>6</b>

The Parent Company's non-taxable income consists primarily of dividends from subsidiaries.

<b>Current tax receivables</b>	Group		Parent Company	
SEK millions	2001	2002	2001	2002
are included in:				
Other current receivables	64	<b>107</b>	12	<b>20</b>

<b>Current tax liabilities</b>	Group		Parent Company	
SEK millions	2001	2002	2001	2002
are included in:				
Other current liabilities	74	<b>35</b>	-	-

## 6 INTANGIBLE ASSETS

<b>Group</b>	Patents, licences, and similar rights	Tenancy rights and similar rights	Goodwill	Total intangible assets
SEK millions				
Acquisition value, January 1	88	5	183	276
Acquisitions	1	0	-	1
Increase through acquisition of companies	-	-	2	2
Sales and disposals	- 5	- 1	- 18	- 24
Reclassifications	1	- 1	-	0
Translation differences	0	0	- 2	- 2
Acquisition value, December 31	85	3	165	253
Accumulated depreciation, January 1	55	4	155	214
Sales and disposals	- 4	0	- 18	- 22
Reclassifications	0	- 1	-	- 1
Depreciation for the year	11	0	9	20
Translation differences	0	0	0	0
Accumulated depreciation, December 31	62	3	146	211
Residual value according to plan	23	0	19	42

Depreciation of goodwill for the year is included in the profit and loss account in cost of goods sold (SEK 3 million), selling expenses (SEK 3 million), and other operating expenses (SEK 3 million).

## 7 TANGIBLE ASSETS

Group SEK millions	Buildings and land	Machinery	Fixtures, fittings, tools, and equipment	Assets under construction and advances to suppliers	Total tangible assets
Acquisition value, January 1	3,069	15,120	739	390	19,318
Acquisitions	83	587	36	260	966
Increase through acquisition of companies	5	3	0	–	8
Sales and disposals	– 19	– 115	– 64	0	– 198
Reclassifications	17	54	31	– 133	– 31
Translation differences	– 38	– 85	– 4	– 1	– 128
Acquisition value, December 31	3,117	15,564	738	516	19,935
Accumulated depreciation, January 1	1,370	8,429	500	–	10,299
Accumulated depreciation through acquisition of companies	1	2	0	–	3
Sales and disposals	– 8	– 101	– 55	–	– 164
Reclassifications	0	– 32	2	–	– 30
Depreciation for the year	113	896	82	–	1,091
Translation differences	– 6	– 31	– 2	–	– 39
Accumulated depreciation, December 31	1,470	9,163	527	–	11,160
Accumulated revaluations, January 1	8	0	–	–	8
Revaluations for the year	24	–	–	–	24
Translation differences	1	–	–	–	1
Accumulated revaluation, December 31	33	0	–	–	33
Residual value according to plan	1,680	6,401	211	516	8,808

The item 'machinery' includes financial leasing agreements amounting to SEK 93 (29) million in acquisition value and SEK 83 (25) million in residual value according to plan.

The tax assessment value of real property in Sweden was SEK 2,698 (2,385) million, while the corresponding property's residual value according to plan was SEK 1,322 (1,337) million.

Parent Company SEK millions	Buildings and land	Fixtures, fittings, tools, and equipment	Total tangible assets
Acquisition value, January 1	4	4	8
Acquisitions	–	0	0
Sales and disposals	– 4	–	– 4
Acquisition value, December 31	–	4	4
Accumulated depreciation, January 1	0	3	3
Sales and disposal	0	–	0
Depreciation for the year	0	0	0
Accumulated depreciation, December 31	–	3	3
Residual value according to plan	–	1	1

The tax assessment value of real property in Sweden was SEK 0 (3) million, while the residual value according to plan of corresponding property was SEK 0 (4) million.



## 8 FINANCIAL ASSETS

<b>Group</b> SEK millions	Equity shares in affiliated companies	Other shares and participations	Long-term receivables, aff. comp.	Deferred tax claims	Other long-term receivables	Total financial assets
Acquisition value, January 1	262	6	77	81	366	792
Investments	–	0	–	1	2	3
Sales/amortisations	– 26	0	–	–	–160	– 186
Translation differences		0	– 6	–7	–1	– 14
Equity shares, January 1 *)	306	–	–	–	–	306
Shares in profits after tax	– 34	–	–	–	–	– 34
Dividends	– 12	–	–	–	–	– 12
Translation differences	– 37	–	–	–	–	– 37
Residual value according to plan	459	6	71	75	207	818

\*) Relates to equity shares arising after acquisitions.  
Other long-term receivables consist primarily of receivables from SPP.

<b>Parent Company</b> SEK millions	Shares in sub- sidiaries	Shares in affiliated com- panies	Other shares and participa- tions	Receivables from sub- sidiaries	Deferred tax claims	Other long- term receivables	Total financial assets
Acquisition value, January 1	3,186	51	3	354	1	246	3,841
Investments	–	–	–	0	–	–	0
Sales/amortisations	– 760	–	0	– 85	0	– 58	– 903
Acquisition value, December 31	2,426	51	3	269	1	188	2,938
Residual value according to plan	2,426	51	3	269	1	188	2,938

During the year, the Parent Company reduced the share capital of Coronet Finance by SEK 760 million.  
Other long-term receivables consist primarily of claims against SPP.

*Continuation of note 8 on next page.*

## 8 FINANCIAL ASSETS, CONTINUATION

Shares and Participations	Company reg. number	Registered office	Holdings, number	% <sup>2)</sup>	Book value SEK millions
<b>Parent Company's shares and participations in subsidiaries</b>					
<i>Swedish operating subsidiaries:</i>					
Dickson Plåt Service Center AB	556122-2141	Borlänge	480,000	100	51
Plannja AB	556121-1417	Luleå	80,000	100	16
SSAB HardTech AB	556387-7330	Luleå	1,000	100	122
SSAB Oxelösund AB	556313-7933	Oxelösund	1,000	100	450
SSAB Tunnpå AB	556313-7941	Borlänge	1,000	100	1,500
Tibnor AB	556004-4447	Stockholm	850,000	85	283
<i>Foreign operating subsidiaries:</i>					
Coronet Finance		Ireland	100,000	100	0
Other <sup>1)</sup>					3
Dormant subsidiaries					1
Total					2,426
<b>Parent Company's shares in affiliated companies</b>					
Lulekraft AB		Luleå	100,000	50	10
Norsk Stål A/S		Norway	31,750	50	29
Norsk Stål Tynnplater A/S		Norway	13,250	50	12
Total Parent Company's shares in affiliated companies					51
<b>Subsidiaries' shares and participations in affiliated companies</b>					
Cogent Power Ltd		Great Britain	48,291,800	25	292
Oxelösunds Hamn AB		Oxelösund	50,000	50	45
Total					337
<b>Equity shares in affiliated companies' equity in excess of the book value in the Parent Company</b>					71
Total of Group participations in affiliated companies					459
<b>Parent Company's other shares and participations</b>					
Tenant-owned apartments					3
Total					3
<b>Subsidiary's other shares and participations<sup>1)</sup></b>					3
Total of Group's other shares and participations					6

<sup>1)</sup> A complete specification of other shares and participations is available from SSAB's Group Headquarters in Stockholm.

<sup>2)</sup> The percentage figures indicate the equity share which, in all cases, corresponds to the portion of the voting capital.

**9 INVENTORIES, ETC.**

SEK millions	Group		Parent Company	
	2001	2002	2001	2002
Raw materials, consumables, and semi-finished goods	2,129	<b>1,932</b>	–	–
Work in progress	198	<b>142</b>	–	–
Stocks of finished goods	2,467	<b>2,510</b>	–	–
Work in progress on behalf of third parties	0	<b>0</b>	–	–
Advances to suppliers	1	<b>1</b>	–	–
Total	4,795	<b>4,585</b>	–	–

**10 PRE-PAID EXPENSES AND ACCRUED REVENUES**

SEK millions	Group		Parent Company	
	2001	2002	2001	2002
Delivered, non-invoiced goods and services	25	<b>39</b>	–	–
Bonuses, discounts, licences, and suchlike	24	<b>22</b>	–	–
Pre-paid rents	19	<b>19</b>	1	<b>1</b>
Accrued interest revenues	3	<b>2</b>	1	<b>0</b>
Unsettled insurance indemnification, etc.	297	<b>127</b>	1	<b>1</b>
Total	368	<b>209</b>	3	<b>2</b>

**11 EQUITY**

Group SEK millions	Restricted Equity		Unrestricted Equity	
	Share capital	Restricted reserves	Unrestricted reserves	Profit for the year
Equity, December 31, 2000	2,803	3,119	2,493	1,311
Dividend	–	–	– 504	–
Repurchase of own shares	–	–	– 150	–
Reduction in share capital	– 281	–	281	–
Revaluation reserve	–	0	–	–
Translation difference	–	60	2	–
Profit carried forward from previous year	–	–	1,311	– 1,311
Profit for the year	–	–	–	619
Transfer between restricted and unrestricted equity	–	– 176	176	–
Equity, December 31, 2001	2,522	3,003	3,609	619
Equity, December 31, 2001	2,522	3,003	3,609	619
Dividend	–	–	– 504	–
Revaluation reserve	–	24	–	–
Translation difference	–	– 82	28	–
Profit carried forward from previous year	–	–	619	– 619
Profit for the year	–	–	–	577
Transfer between restricted and unrestricted equity	–	219	– 219	–
Equity, December 31, 2002	2,522	3,164	3,533	577

The Group's restricted equity includes an equity method reserve of SEK 222 (305) million.

The revaluation reserve for real property amounts to SEK 25 (4) million.

The accumulated translation difference amounts to SEK 2 (56) million.

*Continuation of note 11 on next page.*

## 11 EQUITY, CONTINUATION

Parent Company SEK millions	Share capital	Restricted Equity Premium reserve	Statutory reserve	Unrestricted Equity Profit brought forward	Equity Profit for the year
Equity, December 31, 2000	2,803	20	640	307	739
Dividend	–	–	–	– 504	–
Repurchase of own shares	–	–	–	– 150	–
Reduction in share capital	– 281	–	–	281	–
Profit carried forward from previous year	–	–	–	739	– 739
Profit for the year	–	–	–	–	843
Equity, December 31, 2001	2,522	20	640	673	843
Equity, December 31, 2001	2,522	20	640	673	843
Dividend	–	–	–	– 504	–
Group contributions	–	–	–	– 108	–
Profit carried forward from previous year	–	–	–	842	– 843
Profit for the year	–	–	–	–	751
Equity, December 31, 2002	2,522	20	640	903	751

There are 100.9 million registered shares in the Parent Company, each with a nominal value of SEK 25.

## 12 DEFERRED TAX LIABILITIES AND TAX CLAIMS/UNTAXED RESERVES

Deferred tax liabilities and tax claims SEK millions	Group 2001 2002		Parent Company 2001 2002	
Deferred tax liabilities have arisen				
through accelerated depreciation of fixed assets	1,228	1,391	–	–
through tax allocation reserves	464	390	–	–
through other temporary differences	26	30	–	–
Total deferred tax liabilities	1,718	1,811	–	–
Deferred tax claims have arisen				
through non-utilised losses carried forward	46	39	–	–
through pension provisions	30	32	1	1
through other temporary differences	5	4	–	–
Total deferred tax claims *)	81	75	1	1

\*) Included in balance sheet item 'Financial Assets'.

Untaxed reserves SEK millions	Parent Company 2001 2002	
Tax allocation reserve	297	204

Untaxed reserves are divided in the Group between equity and deferred taxes. A corresponding division is not made in the Parent Company. The deferred tax on the Parent Company's untaxed reserves amounts to SEK 57 (83) million.



## 13 LONG-TERM LIABILITIES

SEK millions	Group		Parent Company	
	2001	2002	2001	2002
Structure loans	118	<b>80</b>	118	<b>80</b>
Mortgage loans	34	<b>37</b>	–	–
Foreign loans	234	<b>181</b>	191	<b>150</b>
Bond loans	–	<b>285</b>	–	<b>285</b>
MTN programme	2,000	<b>1,850</b>	2,000	<b>1,850</b>
Financial leasing agreements	25	<b>82</b>	–	–
Other	16	<b>12</b>	–	–
Total	2,427	<b>2,527</b>	2,309	<b>2,365</b>
Less amortisation, 2002 and 2003 *)	– 47	<b>– 426</b>	– 38	<b>– 414</b>
Total	2,380	<b>2,101</b>	2,271	<b>1,951</b>

### Repayment of Long-term Liabilities

SEK millions	2003	2004	2005	2006	2007	Later
Group	426	376	414	502	254	555
Parent Company	414	364	402	490	245	450

\*) Included in 'Current Liabilities' in the balance sheet item 'Liabilities to Credit Institutions'.

## 14 ACCRUED EXPENSES AND DEFERRED INCOME

SEK millions	Group		Parent Company	
	2001	2002	2001	2002
Accrued personnel expenses	654	<b>688</b>	6	<b>7</b>
Non-invoiced goods and services received	125	<b>206</b>	–	–
Accrued interest expenses	68	<b>60</b>	67	<b>59</b>
Accrued discounts, bonuses, and complaints	29	<b>21</b>	–	–
Energy taxes	14	<b>14</b>	–	–
Other items	116	<b>80</b>	2	<b>2</b>
Total	1,006	<b>1,069</b>	75	<b>68</b>

## 15 NET DEBT

SEK millions	Group		Parent Company	
	2001	2002	2001	2002
Cash and bank balances	460	<b>416</b>	295	<b>242</b>
Receivables from subsidiaries	–	–	5,992	<b>6,518</b>
Other receivables	513	<b>447</b>	328	<b>285</b>
Interest-bearing assets	973	<b>863</b>	6,615	<b>7,045</b>
Current liabilities to credit institutions	1,970	<b>1,720</b>	1,881	<b>1,619</b>
Long-term liabilities	2,380	<b>2,101</b>	2,271	<b>1,951</b>
Provisions for pensions	141	<b>146</b>	6	<b>6</b>
Liabilities to subsidiaries	–	–	639	<b>846</b>
Other liabilities	141	<b>16</b>	67	<b>0</b>
Interest-bearing liabilities	4,632	<b>3,983</b>	4,864	<b>4,422</b>
Net debt	3,659	<b>3,120</b>	– 1,751	<b>– 2,623</b>

## 16 AVERAGE NUMBER OF EMPLOYEES

	No. of employees		Women, %	
	2001	2002	2001	2002
<b>Parent Company</b>				
Sweden	21	<b>21</b>	35	<b>29</b>
Total Parent Company	21	<b>21</b>	35	<b>29</b>
<b>Subsidiaries</b>				
Sweden	8,947	<b>8,367</b>	16	<b>16</b>
Canada	30	<b>30</b>	17	<b>17</b>
Denmark	198	<b>186</b>	21	<b>20</b>
Finland	117	<b>127</b>	24	<b>25</b>
Germany	31	<b>37</b>	30	<b>30</b>
Italy	51	<b>53</b>	29	<b>26</b>
Norway	38	<b>37</b>	27	<b>19</b>
Poland	64	<b>78</b>	17	<b>18</b>
South Africa	44	<b>46</b>	25	<b>24</b>
UK	81	<b>78</b>	30	<b>28</b>
United States	114	<b>150</b>	25	<b>26</b>
Other countries < 20 employees	73	<b>80</b>	33	<b>28</b>
Total subsidiaries	9,788	<b>9,269</b>	17	<b>17</b>
Total Group	9,809	<b>9,290</b>	17	<b>17</b>

The figures are based on a normal number of working hours per year in different production areas, with allowance for different forms of shift work. The breakdown by gender relates to the number of employees on December 31.

## 17 OPERATIONAL LEASING

	Group		Parent Company	
SEK millions	2001	2002	2001	2002
Minimum leasing charges during the year	64	<b>56</b>	–	–

The agreed minimum leasing charges for 2003 amount to SEK 47 million, for 2004–2007 to a total of SEK 75 million, and for the years after 2007 to SEK 4 million. Operational leasing includes lease agreements for property, premises, and certain rolling stock.

## 18 PLEDGED ASSETS

	Group		Parent Company	
SEK millions	2001	2002	2001	2002
<b>For own long-term liabilities</b>				
Real property mortgages	38	<b>46</b>	–	–
Floating charges	6	<b>15</b>	–	–
Total for own long-term liabilities	44	<b>61</b>	–	–
<b>Other pledged assets</b>				
Real property mortgages	30	<b>30</b>	–	–
Pledged securities	2	<b>5</b>	2	<b>5</b>
Total other pledged assets	32	<b>35</b>	2	<b>5</b>
Total pledged assets	76	<b>96</b>	2	<b>5</b>

## 19 CONTINGENT LIABILITIES

SEK millions	Group		Parent Company	
	2001	2002	2001	2002
Guarantees	30	14	0	0
Guarantees for subsidiaries' obligations	–	–	113	121
Other contingent liabilities	58	42	34	13
Total contingent liabilities	88	56	147	134

SSAB Tunnplåt is involved in a dispute with an insurance company concerning a blast furnace breakdown in 1997. SSAB Tunnplåt has sued the insurance company for SEK 165 million in addition to the amount of SEK 110 million that has already been paid out. The insurance company's counterclaim is for repayment of the paid out amount. The anticipated outcome of the dispute has been taken into consideration in the results.

The Group is otherwise involved in a very limited number of legal disputes concerning warranties and complaints. The anticipated outcome of these cases has been taken into consideration in the results.

## 20 CASH FLOW STATEMENT

### Financial items

In the cash flow statement is financial items according to the profit and loss account included in 'Results from operations', and consequently the difference between booked interest and paid interest is included in changes in Working Capital.

The interest payments made are as follows:

SEK millions	Group		Parent Company	
	2001	2002	2001	2002
<b>Paid interest</b>				
Interest received during the period	70	31	301	279
Interest paid during the period	– 222	– 238	– 213	– 231

SEK millions	Group		Parent Company	
	2001	2002	2001	2002
<b>Taxes</b>				
Tax according to the profit and loss account	– 277	– 231	– 15	– 45
Less deferred tax and tax in affiliated companies	– 58	59	1	0
Tax on group contributions	–	–	–	41
Tax according to cash flow statement, operations	– 335	– 172	– 14	– 4

### Exchange rate differences regarding liquid assets

Exchange rate differences regarding foreign subsidiaries' liquid assets are included in the item 'Other Financing' in the amount of

+ 5	– 3	–	–
-----	-----	---	---

A small company was acquired during the year. The value of assets and liabilities that were acquired or sold amounts to:

Acquisition/Sale of Operations SEK millions	Acquisitions		Sales	
	2001	2002	2001	2002
Fixed assets	– 6	– 7	49	–
Inventories	– 7	– 1	210	–
Accounts receivable	– 6	– 2	182	–
Other receivables	0	0	47	–
Liquid assets	– 1	– 1	0	–
Provisions	0	1	– 11	–
Financial liabilities	4	3	0	–
Accounts payable	3	1	– 108	–
Other liabilities	3	1	– 76	–
Booked profit on the sale	–	–	135	–
Purchase price paid	– 10	– 5	+ 428	–
Liquid assets in acquired/sold companies	+ 1	+ 1	0	–
Effect on the Group's liquid assets	– 9	– 4	+ 428	–

## 21 DEFINITIONS

### **Sales**

Sales less deduction for value added tax, discounts, returns, and freight.

### **Equity**

Reported equity according to the Consolidated Balance Sheet.

### **Capital employed**

Total assets less non-interest-bearing operating liabilities and deferred taxes.

### **Liquid assets**

Cash and bank balances, as well as short-term investments.

### **Net debt**

Interest-bearing liabilities less interest-bearing assets.

### **Return on equity after tax**

Profit after taxes as a percentage of average equity during the year.

### **Return on capital employed before tax**

Operating profit before shares in affiliated companies plus financial income as a percentage of average capital employed during the year.

### **Equity ratio**

Equity as a percentage of total assets.

### **Net debt/equity ratio**

Net debt as a percentage of equity.

### **Cash flow**

Funds generated in business operations including change in working capital less investment operations.

### **Value added**

Sales and other operating revenues less expenses for purchased goods and services.

### **Earnings per share**

Profit after taxes divided by the average number of shares.

### **P/E ratio**

Share price at year-end divided by earnings per share.

### **Equity per share**

Equity divided by number of shares.

### **Yield**

Dividend as a percentage of the share price at year-end.

*Definitions for subsidiary company tables:*

### **Profit**

Profit after financial income and expenses.

### **Capital expenditures**

Capital expenditures activated during the year.

### **Capital employed**

Capital employed at year-end.

### **Return on capital employed**

Return on average capital employed.

### **Number of employees**

Average number of employees.



# Disposition of Profit

## Recommended Disposition of Profit

The amount at the disposal of the Annual General Meeting is as follows:

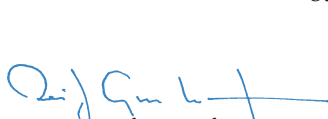
Profit brought forward	903
Net profit for the year	<u>751</u>
SEK million	1,654

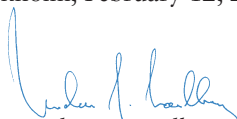
The Board of Directors and the President recommend that the earnings be disposed of in the following manner:

dividend to the shareholders	
SEK 6.00 per share	605
To be carried forward	<u>1,049</u>
SEK million	1,654

As reported in the Consolidated Balance Sheet, the Group's disposable earnings amounted to SEK 4,110 (4,228) million. No transfer to restricted equity is proposed.

Stockholm, February 12, 2003

  
Leif Gustafsson

  
Anders G Carlberg

  
Per-Olof Eriksson

  
Bo Jerräng

  
Bert Johansson

  
Sven-Åke Johansson

  
Lennart Karlsson

  
Anders Lannebo

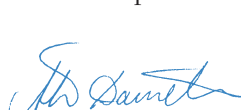
  
Marianne Nivert


  
Clas Reuterskiöld

  
Jan Sjöqvist

  
Anders Ullberg  
President

Our Auditors' Report was submitted on February 12, 2003

  
Åke Danielsson

  
Göran Tidström  
Authorised Public Accountants

# Auditor's Report

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To the general meeting of the shareholders of SSAB Svenskt Stål Aktiebolag (publ)  
Company no. 556016-3429.


We have audited the annual accounts, consolidated financial statements, accounting records and the administration of the Board of Directors and President of SSAB Svenskt Stål Aktiebolag (publ) for 2002. These accounts and administration of the Company are the responsibility of the Board of Directors and President. Our responsibility is to express an opinion on the annual accounts, the consolidated financial statements, and administration based on our audit.


We conducted our audit in accordance with Generally Accepted Auditing Standards in Sweden. Those Standards require that we plan and perform the audit to obtain reasonable assurance that the annual accounts and consolidated financial statements are free from material error. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the accounts. An audit also includes assessing the accounting principles used and their application by the Board of Directors and the President, as well as evaluating the overall presentation of information in the annual accounts and consolidated financial statements. As a basis for our opinion concerning discharge from liability, we examined significant decisions, actions taken, and circumstances of the Company in order to be able to determine the liability, if any, to the Company of any Board Member or the President. We also examined whether any Board Member or the President has, in some other way, acted in contravention of the Companies Act, the Annual Accounts Act, or the Articles of Association. We believe that our audit provides a reasonable basis for our opinions set out below.

The annual accounts and consolidated financial statements have been prepared in accordance with the Annual Accounts Act and thereby constitute an accurate representation of the results and financial position of the Company and the Group in accordance with Generally Accepted Accounting Principles in Sweden.

We recommend that the general meeting of the shareholders adopt the profit and loss accounts and balance sheets for the Parent Company and the Group, allocate the profit of the Parent Company in accordance with the proposal set forth in the Report of the Directors, and grant the Board Members and President discharge from liability for the financial year.

Stockholm, February 12, 2003

  
Åke Danielsson

  
Göran Tidström

Authorised Public Accountants

# Group Management, Staff, and Auditors



Group Management visiting Scania in Södertälje. From left Martin Lindqvist, Anders Ullberg, Göran Carlsson, Curt Johansson and Anders Werme.

**Anders Ullberg** (1946), President and CEO.  
Employed since 1984.  
Member of Group Management since 1984.  
Shareholding: 10,000 shares.  
Options to buy 56,996 shares.

**Göran Carlsson** (1954), Technology.  
Employed since 1989.  
Member of Group Management since 2002.

**Curt Johansson** (1943), President SSAB Tunnpå.   
Employed since 1994.  
Member of Group Management since 1998.  
Options to buy 38,937 shares.

**Martin Lindqvist** (1962), Control and Finance.  
Employed since 1998.  
Member of Group Management since 2001.  
Options to buy 3,625 shares.

**Anders Werme** (1956), President SSAB Oxelösund.  
Employed since 1985.  
Member of Group Management since 2000.  
Shareholding: 1,000 shares. Options to buy 17,451 shares.

*Holdings include shares owned by closely-associated persons.*

## Group staffs

Control and Finance	Martin Lindqvist
Investor Relations	Stefan Lundewall
Legal Affairs	Bo Legelius
Public Affairs	Ivar Ahlberg

## Auditors

Auditors	Alternate Auditors
<b>Åke Danielsson</b> Authorised Public Accountant PricewaterhouseCoopers	<b>Ulla-Britt Larsson</b> Authorised Public Accountant PricewaterhouseCoopers
<b>Göran Tidström</b> Authorised Public Accountant PricewaterhouseCoopers	<b>Ingvar Pramhäll</b> Authorised Public Accountant PricewaterhouseCoopers

# Board of Directors

APPOINTED BY THE ANNUAL GENERAL MEETING



**Leif Gustafsson**  
(1940)  
Chairman of the Board since 1998, Board Member since 1990. Board Member, Elektrokoppar Svenska, Custos, and Sapa. Shareholding: 2,400 shares.



**Anders G Carlberg**  
(1943)  
President of Axel Johnson International. Board member since 1986. Board Member, inter alia, Axel Johnson, Axel Johnson Inc., Sapa, Elkem, Säkl, and Beijer Alma. Shareholding: 1,600 shares.



**Per-Olof Eriksson**  
(1938)  
Board Member since 1986. Chairman of the Boards of Sapa, Svenska Kraftnät, Thermia, and Odlander och Fredriksson o Co. Board Member, Sandvik, Svenska Handelsbanken, Volvo, ASSA ABLOY, Skanska, Custos, and PREEM Petroleum. Shareholding: 2,000 shares.



**Sven-Åke Johansson**  
(1939)  
Board Member since 1986. Chairman of the Boards of Swedish Industrial Development Fund and Nordisk Renting. Deputy Chairman of the Boards of Wihlborgs Fastigheter and Åkers. Shareholding: 2,100 shares.

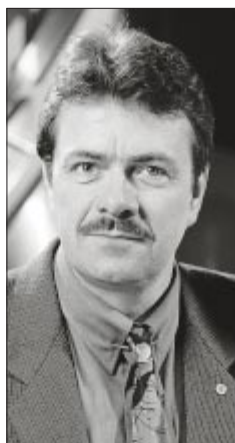


**Anders Lannebo**  
(1944)  
Board Member since 2000. Chairman of the Boards of Lannebo Fonder and WebUpdate Scandinavia. Board Member, Swedish Association for Share Promotion. Shareholding: 14,000 shares.

ELECTED BY THE EMPLOYEES



**Bo Jerräng**  
(1947)  
Personnel administrator, SSAB Oxelösund. Employee representative since 2001.



**Bert Johansson**  
(1952)  
Electrician, SSAB Tunnpå. Employee representative since 1998.



**Lennart Karlsson**  
(1950)  
Steelworker, SSAB Tunnpå. Employee representative since 2000.

## HONORARY CHAIRMAN



**Marianne Nivert**  
(1940)  
Board Member since 2002.  
Board Member, Fourth National Pension Insurance Fund, Huddinge University Hospital, Wallenstam, Foundation of Chalmers University of Technology, Swedish Center for Business and Policy Studies, Swedish Export Credit Corporation, Beijer Alma, Posten, and Systembolaget.



**Clas Reuterskiöld**  
(1939)  
Board Member since 2001.  
Board Member, Industrivärden and Skandia.  
Shareholding: 2,500 shares.



**Jan Sjöqvist**  
(1948)  
President of Swedia Networks.  
Board Member since 2000.  
Board Member, Stora Enso, Green Cargo, Swedia Networks, Cell Network, and Lannebo Fonder.  
Shareholding: 2,000 shares.



**Anders Ullberg**  
(1946)  
President and CEO of SSAB Svenskt Stål since 2000.  
Board Member since 2001.  
Chairman of the Board of Eneqvistbolagen.  
Chairman of the Executive Council of the Swedish Ironmasters' Association.  
Board Member, TietoEnator.  
Shareholding: 10,000 shares. Options to buy 56,996 shares.

Björn Wahlström has served as honorary chairman of the company since 1991.

## Alternates



**Owe Jansson**  
(1945)  
Steel worker, SSAB Oxelösund.  
Employee representative since 1990.



**Kerstin Kjellin-Lage**  
(1949)  
Accounts assistant, Tibnor.  
Employee representative since 1993.



**Kennet Morin**  
(1954)  
Engineer, SSAB Tunnpå  
Employee representative since 2002.

## THE BOARD'S WORK PROCEDURES

*There is a compensation committee within the Board of Directors which determines salaries and the terms and conditions of employment of the CEO and which issues guidelines regarding the salaries and terms and conditions of employment of Group Management. Leif Gustafsson, Anders G Carlberg, and Anders Ullberg serve on the committee.*

*During the course of the year, the Board of Directors held six meetings at which minutes were kept.*

*The meetings of the Board of Directors and work in*

*conjunction therewith follow a presentation plan in order to ensure that the Board's needs for information and for monitoring the operations and the company's organisation are continuously met.*

*At one of the meetings of the Board of Directors during the year, the Board discusses the company's accounting principles, internal controls, and risk management within the company. At two meetings of the Board of Directors during the year, the company's auditors report their comments from the audit carried out.*

## SECRETARY

*Bo Legelius, General Counsellor.*

*Holdings include shares owned by closely-associated persons.*



# Addresses

## Group Headquarters

**SSAB Svenskt Stål**  
Box 26208  
SE-100 40 Stockholm  
Phone Int. +46 8 45 45 700  
Fax Int. +46 45 8 45 725  
Visiting address:  
Birger Jarlsgatan 58

## Swedish Companies

**Plannja**  
SE-971 88 Luleå  
Phone Int. +46 920 929 00  
Fax Int. +46 920 929 12

**Plannja Siba**  
Box 143  
SE-570 81 Järforsen  
Phone Int. +46 495 175 00  
Fax Int. +46 495 505 25

**SSAB HardTech**  
SE-971 88 Luleå  
Phone Int. +46 920 928 00  
Fax Int. +46 920 25 47 76

**SSAB Merox**  
SE-613 80 Oxelösund  
Phone Int. +46 155 25 44 00  
Fax Int. +46 155 25 52 21

**SSAB Oxelösund**  
SE-613 80 Oxelösund  
Phone Int. +46 155 25 40 00  
Fax Int. +46 155 25 40 73

**SSAB Tunnilåt**  
Head Office:  
SE-781 84 Borlänge  
Phone Int. +46 243 700 00  
Fax Int. +46 243 720 00  
Metallurgy:  
SE-971 88 Luleå  
Phone Int. +46 920 920 00  
Fax Int. +46 920 927 14

**Tibnor**  
Box 4260  
SE-102 66 Stockholm  
Phone Int. +46 702 40 00  
Fax Int. +46 702 23 55

## Foreign Subsidiaries

### Australia

**SSAB Swedish Steel**  
P O Box 83  
AU-Broadbeach  
Queensland 4218  
Phone Int. +61-7-5532 76 66  
Fax Int. +61-7-5531 70 33

### Austria

**SSAB Swedish Steel**  
Linke Bahnzeile 24  
AT-2483 Ebreichsdorf  
Phone Int. +43-2254-752 17  
Fax Int. +43-2254-752 174

### Canada

**SSAB Swedish Steel**  
1031 Cliveden Avenue  
CA-Delta, BC  
Canada V3M 5V1  
Phone Int. +1-604-526 43 99  
Fax Int. +1-604-526 43 79

### China

**SSAB Oxelösund**  
Representative Office Beijing  
Room B1709, Vantone New World Plaza  
No. 2 Fuchengmenwai St. Western City  
CN-Beijing  
Phone Int. +86 10 6858 79 61/62  
Fax Int. +86 10 6858 79 96

**SSAB Tunnilåt**  
Representative Office Beijing  
Room 330, Radisson SAS Hotel  
No. 6A East Beisanhuan Road  
CN-10028 Beijing  
Phone Int. +86 10 6466 34 41  
Fax Int. +86 10 6466 34 42

### Czech Republic

**SSAB Swedish Steel**  
Spartakovcu 3  
CZ-708 15 Ostrava-Poruba  
Phone Int. +420-596-939 487  
Fax Int. +420-596 939 486

### Denmark

**Plannja**  
Postboks 727  
DK-9100 Aalborg  
Phone Int. +45-98-10 11 11  
Fax Int. +45-98-10 10 01

**SSAB Svenskt Stål**  
Postboks 130  
DK-2605 Brøndby  
Phone Int. +45-43 20 50 00  
Fax Int. +45-43 20 15 18

### Finland

**SSAB Svenskt Stål**  
Fredriksgatan 63 A 11  
FI-00 100 Helsinki  
Phone Int. +358-9-686 60 30  
Fax Int. +358-9-693 21 20

**Plannja**  
Terästie 8  
FI-54 100 Joutseno  
Phone Int. +358-5-610 55 00  
Fax Int. +358-5-610 56 00

### France

**SSAB Swedish Steel**  
114, Avenue Charles de Gaulle  
FR-92522 Neuilly sur Seine Cedex  
Phone Int. +33-1-5561 91 00  
Fax Int. +33-1-5561 91 09

### Germany

**Plannja**  
Lübecker Strasse 28  
DE-23843 Bad Oldesloe  
Phone Int. +49-4531-1719-0  
Fax Int. +49-4531-1719-20

**SSAB Swedish Steel**  
Grafenberger Allee 87  
DE-40237 Düsseldorf  
Phone Int. +49-211-91250  
Fax Int. +49-211-9125-129

**SSAB Swedish Steel**  
Immenhoferstrasse 19-21  
DE-70180 Stuttgart  
Phone Int. +49-711-68 78 40  
Fax Int. +49-711-68 78 413

### Greece

**SSAB Swedish Steel**  
Olympo 10  
Panorama  
GR-552 36 Thessaloniki  
Phone Int. +30-2310-347 273  
Fax Int. +30-2310-347 271

### Hong Kong

**SSAB Swedish Steel**  
C.C. Wu Building, Room 2312  
302-308 Honnessy Road  
Wan Chai  
HK-Hong Kong  
Phone Int. +852-2564 07 82  
Fax Int. +852-2563 21 02

### Hungary

**SSAB Swedish Steel Trading**  
Lövért Krt. 31/A  
HU-9400 Sopron  
Phone Int. +36-99-51 05 10  
Fax Int. +36-99-51 05 11

### Italy

**SSAB HARDOX Lamiera**  
Piazza Europa  
Interporto di Parma  
IT-43010 Loc. Bianconese-Fontevivo (PR)  
Phone Int. +39-0521-61 88 23/24  
Fax Int. +39-0521-61 88 16

**SSAB Swedish Steel**  
Via G. Di Vittorio No 6  
IT-250 16 Ghedi  
Phone Int. +39-030-905 88 11  
Fax Int. +39-030-905 89 30

## Japan

### SSAB Swedish Steel

Kenchiku Kaikan 5 Fl  
5-26-20 Shiba, Minato-Ku  
JP-Tokyo 108-0014  
Phone Int. +81-3-3456 34 47  
Fax Int. +81-3-3456 34 49

## Korea, Republic

### SSAB Swedish Steel

2F, Koami New bld.  
13-6 Yoido-dong  
Youngdeungpo-ku  
KR-Soeul  
Phone Int. +82-2-761 61 72  
Fax Int. +82-2-761 61 73

### SSAB Tunnplåt

Representative Office Korea  
Rm 304, Bumjin B/D 3F,  
775, Janghang-dong, Ilsan-gu, Goyang-si  
KR-Gyeonggi-do  
Phone Int. +82-31-906 27 70  
Fax Int. +82-31-906 27 73

## Mexico

### SSAB Swedish Steel

C. Los Aldama, # 605 Sur  
Col. San Pedro  
MX-66230 San Pedro Garza Garcia  
Nuevo León  
Phone Int. +52-81-8192 9130  
Fax Int. +52-81-8292 2120

## The Netherlands

### SSAB Prelaag

P.O. Box 2  
NL-6640 AA Beuningen  
Phone Int. +31-24-679 07 00  
Fax Int. +31-24-679 07 07

### SSAB Swedish Steel

P.O. Box 131  
NL-6640 AC Beuningen  
Phone Int. +31-24-679 05 50  
Fax Int. +31-24-679 05 55

## Norway

### Plannja

Postboks 8 Leirdal  
NO-1008 Oslo  
Phone Int. +47-23-28 85 00  
Fax Int. +47-23-28 85 10

### SSAB Svensk Stål

Postboks 1516 Vika,  
NO-0117 Oslo  
Phone Int. +47-23-11 85 80  
Fax Int. +47-22-83 55 90

## Poland

### SSAB Swedish Steel

Ul. Bernardynska 17/44  
PL-02904 Warsaw  
Phone Int. +48-22-643 59 28  
Fax Int. +48-22-643 59 28

### Plannja

Ul.Bialolecka 233  
PL-03-253 Warsaw  
Phone Int. +48-22-814 10 60  
Fax Int. +48-22-814 08 60

## Portugal

### SSAB Portugal-Comércio de Aço

Sitio das Pratas  
Apartado 201  
PT-2071 Cartaxo Codex  
Phone Int. +351-243-704 272/273  
Fax Int. +351-243-704 262

### SSAB Swedish Steel

Rua Sao Nicolau N.2  
Edificio Sao Nicolau, Sala 407  
PT-4520 Santa Maria da Feira  
Phone Int. +351-256-371 610  
Fax Int. +351-256-371 619

## Russia

### SSAB Swedish Steel

Moskovskaya 21  
RU-141400 Khimki  
Phone Int. +7-095-23 26 577  
Fax Int. +7-095-57-26 053

## Singapore

### SSAB Swedish Steel

11 Joo Koon Crescent  
Singapore 629022  
Phone Int. +65-863 16 22  
Fax Int. +65-863 06 22

## Slovenia

### SSAB HARDOX Steel Trading

Blejska Dobrava 17A  
SI-4273 Blejska Dobrava  
Phone Int. +386-6486 62 30  
Fax Int. +386-6487 42 72

## South Africa

### SSAB HARDOX

P O Box 1391  
ZA-Alberton 1450  
Phone Int. +27-11-908 1346/47  
Fax Int. +27-11-908 1373

### SSAB Swedish Steel

Private Bag X1  
Postnet Suite 107, East Rand  
ZA-Boksburg 1461, Guateng Province  
Phone Int. +27-11-827 0311  
Fax Int. +27-11-824 2169

## Spain

### SSAB Swedish Steel

C/Manuel Uribe 13-15  
ES-28033 Madrid  
Phone Int. +34-91 300 54 22  
Fax Int. +34-91 388 96 97

## Turkey

### SSAB Swedish Steel

Perdemsac Plaza, Bayar Caddesi  
Gülbahar Sokak  
No:17, Kat:4/42  
81090 Kozyatayi  
TR-Istanbul  
Phone Int. +90-216-445 59 54/55  
Fax Int. +90-216-445 59 56

## UK

### Plannja

69 High Street  
GB-Maidenhead, Berkshire SL6 1JX  
Phone Int. +44-1628-63 73 13  
Fax Int. +44-1628-67 49 40

### SSAB Dobel Coated Steel

Unit 17  
Narrowboat Way, Hurst Business Park  
GB-Brierley Hill, West Midlands DY5 1UF  
Phone Int. +44-1384-746 60  
Fax Int. +44-1384-775 75

### SSAB Swedish Steel

De Salis Court, De Salis Drive  
Hampton Lovett  
GB-Droitwich, Worcestershire WR9 0QE  
Phone Int. +44-1905-791 800  
Fax Int. +44-1905-794 736

## USA

### SSAB HARDOX

4700 Grand Avenue  
US-Pittsburgh, PA 15225  
Phone Int. +1-412-269 32 31  
Fax Int. +1-412-269 32 51

### SSAB HardTech

200 Kipp Road  
US-Mason, MI 48854  
Phone Int. +1-517-244 88 00  
Fax Int. +1-517-244 88 99

### SSAB Swedish Steel

4700 Grand Avenue  
US-Pittsburgh, PA 15225  
Phone Int. +1-412-269 21 20  
Fax Int. +1-412-269 21 24



**SSAB Svenskt Stål 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

Email: [info@ssab.se](mailto:info@ssab.se)

[www.ssab.se](http://www.ssab.se)

