



Report for the second quarter of 2011

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The quarter

- Sales increased by 8% and amounted to SEK 11,769 (10,911) million
- Operating profit improved to SEK 1,323 (708) million. Currency affects earnings by SEK +100 million
- Profit after financial items improved to SEK 1,179 (624) million. Currency affects earnings by SEK +120 million
- Earnings per share of SEK 2.73 (1.64)
- Operating cash flow of SEK 590 (341) million and cash flow from current operations of SEK 445 (98) million
- Shipments of niche products increased by 17% compared with the second quarter of last year

The half-year

- Sales increased by 15% and amounted to SEK 22,825 (19,776) million
- Operating profit improved to SEK 1,939 (876) million. Currency affects earnings by SEK -200 million
- Profit after financial items improved to SEK 1,683 (707) million. Currency affects earnings by SEK -180 million
- Earnings per share of SEK 3.94 (2.09)
- Operating cash flow of SEK 827 (597) million and cash flow from current operations of SEK 356 (545) million
- Net debt/equity ratio of 65 (49)%
- Niche products now account for 37 (30)% of steel shipments

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

Comments by the CEO

Demand was good at the beginning of the second quarter, but we also witnessed a degree of slow-down towards the end of the quarter. Operating profit for the quarter amounted to SEK 1,323 million, which is double that of the preceding quarter and the corresponding quarter last year.

The trend in our American operations continued to be positive. In accordance with the objectives that we established in conjunction with the acquisition of the operations in the US, one of our most important niche steels - Hardox - is now being produced and delivered from our plant in Mobile, Alabama.

Also, operations in Asia continued to grow strongly, while the market in Europe was characterized by the uncertainty resulting from the financial crises in several countries. Towards the end of the second quarter there was a downward pressure on strip product prices, while plate prices were more stable.

Late June, we signed a price agreement for iron ore pellets for the second and third quarters. The new agreement entails a price increase in USD of almost 20% compared with the price in the first quarter 2011. The impact of the price changes will be felt during the third quarter.

During the third quarter, implementation will continue of a number of projects aimed at strengthening our position as a leading supplier of quenched steels. In Borlänge, a new quenching line and cutting line are now being installed, while in Mobile, Alabama, work is underway on the new quenching line. In Oxelösund and Kunshan, investments are taking place to improve logistics, reduce lead times and improve the service level to our customers. Taken together, these investments will provide us with improved possibilities for meeting our customers' demand for quenched steels. The investment projects will be brought into commission towards the end of the year and at the beginning of next year, and will increase our quenched steel capacity by 500 thousand tonnes to approximately 1,300 thousand tonnes. In addition, one of our blast furnaces in Oxelösund is undergoing a relining during the third quarter and there will be a major maintenance outage in Montpelier, Iowa towards the end of the quarter.

The maintenance work and a normal lower level of activity during the third quarter will have a negative impact on earnings. These factors, together with continued price pressure, increased raw materials costs, and uncertainty concerning developments in Europe, indicate that the third quarter will be weaker than the second quarter. However, the recovery is continuing and demand is expected to be stronger than in 2010.

Consolidated income statement

SEK millions	2011 Q 2	2010 Q 2	2011 Qs 1-2	2010 Qs 1-2	July 10- June 11	2010 Full Year
Sales	11,769	10,911	22,825	19,776	42,932	39,883
Operating profit/loss	1,323	708	1,939	876	2,147	1,084
<i>Of which operating profit per business area</i>						
- SSAB EMEA	664	338	900	552	722	374
- SSAB Americas	644	334	1,022	468	1,673	1,119
- SSAB APAC	67	96	169	106	295	232
- Tibnor	99	188	227	267	381	421
- Amortization on surplus values 1)	-183	-233	-372	-456	-786	-870
- Other	32	-15	-7	-61	-138	-192
	1,323	708	1,939	876	2,147	1,084
Financial items	-144	-84	-256	-169	-489	-402
Profit/loss after financial items	1,179	624	1,683	707	1,658	682
Tax	-308	-70	-408	-1	-325	82
Profit/loss after tax for continuing operations	871	554	1,275	706	1,333	764
Profit/loss after tax for discontinued operations 2)	-	-164	-	-164	-	-164
Profit/loss for the period after tax	871	390	1,275	542	1,333	600

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

2) The discontinued operations relate to the tubular business in North America which was divested in 2008. The cost in 2010 relates to warranty undertakings to the buyer regarding tax.

Key numbers	2011 Q 2	2010 Q 2	2011 Qs 1-2	2010 Qs 1-2	July 10- June 11	2010 Full Year
Return on capital employed before tax (%)	-	-	-	-	4	2
Return on equity after tax (%)	-	-	-	-	5	2
Earnings per share (SEK)	2.73	1.14	3.94	1.58	4.06	1.70
-of which for continuing operations (SEK)	2.73	1.64	3.94	2.09	4.06	2.21
Equity (SEK millions)	28,629	33,007	28,629	33,007	28,629	30,076
Net debt (SEK millions)	18,524	16,321	18,524	16,321	18,524	17,587
Net debt/equity ratio (%)	65	49	65	49	65	58

The market

According to the World Steel Association (WSA), global crude steel production during the first six months of the year increased by 8% compared with the same period of last year. Total production amounted to 758 (704) million tonnes. China accounted for 46 (45)% of global crude steel production.

There was a strong start to the second quarter and demand for steel products increased. Demand slowed down somewhat in June, primarily due to increased uncertainty about the macroeconomic situation during the second half of the year, as well as the normal seasonal decline during the summer. Strip product prices fell during the quarter, particularly in Europe and North America. Plate prices showed greater resistance to the price downturn, but towards the end of the quarter fell slightly in North America and China. Despite the fact that underlying demand developed positively, total demand was volatile due to fluctuations in inventory at customers.

SSAB's niche products enjoyed good growth in demand from, primarily, the Material Handling and Heavy Transport segments, as well as the Energy segment in North America. Demand for mobile cranes within the Construction Machinery segment also showed positive growth. SSAB's prices generally increased during the second quarter.

Inventory levels at the European and North American steel distributors were somewhat higher during April-May than in the first quarter of the year.

Short-term outlook

During the summer, a relining of one of the blast furnaces in Oxelösund is conducted, which will continue for approximately 10 weeks. Production in Borlänge will be suspended for approximately 4 weeks in conjunction with the installation of the new quenching line. The quenching line represents part of the investment to produce quenched steels in Borlänge. This extended outage, compared with normal summer maintenance, will negatively affect operating profit by approximately SEK 100-150 million during the third quarter.

SSAB is also planning to carry out a longer maintenance outage in Montpelier, Iowa, which will begin in the middle of September and end in the middle of October. The maintenance work will be carried out primarily on the rolling mill's main engine and on the re-heat furnace. This will negatively affect operating profit by approximately SEK 350-400 million, of which approximately 25% will be incurred in the third quarter.

As a consequence of extended maintenance outages and the summer season SSAB's production and shipments are expected to be lower in the third quarter than in the second quarter.

The somewhat negative price trend for the third quarter, in combination with increased raw materials costs, will affect the third quarter negatively compared with the second quarter.

However, the underlying demand is expected to continue to improve compared with 2010.

The Group

The half-year in brief

Raw materials

Agreements have been reached regarding new prices for iron ore for the second and third quarters, entailing a price increase in USD of 19% compared with prices in the first quarter. In Swedish kronor, this means a price increase of approximately 8% compared to the first quarter this year. The price increase will impact on earnings in the third quarter.

SSAB is expected to purchase approximately 60% of this year's coal requirements from Australia, and the remainder from the US. Price agreements for Australian coal are currently entered into on a monthly basis, and the monthly agreements in the second quarter entail a price increase in USD of 57% compared with the price in the first quarter of 2011. In Swedish kronor, this means a price increase of approximately 26%. Coal purchases from the US are entered into on an annual basis. Agreements have been signed for SSAB's entire American coal purchases in 2011, entailing a price increase of slightly more than 36% in USD and 10% in SEK compared with the 2010 agreement. The price increase will impact on earnings in the third quarter.

The American operations regularly purchase scrap metal as a raw material for their production. Market prices for scrap metal in the US fell somewhat at the beginning of the first quarter of the year, recovered slightly at the beginning of the second quarter, and are now largely at the same level as at the end of 2010.

Shipments and production

SSAB's shipments during the first half of the year increased by 2% compared with the first half of last year, and amounted to 2,499 (2,450) thousand tonnes. Shipments of niche products increased by 25% compared with the first half of last year. In total, during the first half of the year niche products accounted for 37 (30)% of total shipments.

Crude steel production increased by 5% and steel production increased by 3% compared with the first half of last year.

Sales

Sales during the first half of the year amounted to SEK 22,825 (19,776) million, an increase of SEK 3,049 million or 15% compared with the first half of 2010. Higher volumes accounted for a positive effect of 5 percentage points, higher prices for 16 percentage points, and an improved product mix for 4 percentage points, while currency effects accounted for a negative effect of 10 percentage points.

Earnings

Operating profit during the first half of the year increased by SEK 1,063 million compared with the first half of 2010 and amounted to SEK 1,939 (876) million. Exchange rate movements, compared with the first half of 2010, negatively affected operating profit by approximately SEK 200 million.

Financial items for the first half of the year amounted to SEK -256 (-169) million. Financial items have been negatively affected by higher interest rates and a higher net debt compared with the first half of last year.

Profit after financial items for the first half of the year was SEK 1,683 (707) million, an improvement of SEK 976 million. Exchange rate movements, compared with the first half of 2010, negatively affected earnings by approximately SEK 180 million.

Profit after tax and earnings per share

Profit after tax (attributable to the shareholders) for the first half of the year amounted to SEK 1,275 (676) million or SEK 3.94 (2.09) per share. Exchange rate movements, compared with the first half of 2010, negatively affected earnings by approximately SEK 160 million. Tax costs for the half year amounted to SEK 408 (1) million.

Financing and liquidity

The operating cash flow for the first half of the year was SEK 827 (597) million. The cash flow was negatively affected by an increase in working capital, primarily due to increased inventories and higher accounts receivable, as a consequence of increased sales. Cash flow before financing and dividends amounted to SEK -480 (70) million. The cash flow was affected, among other things, by payments of SEK 815 (390) million on strategic capital expenditure projects. During the first half of the year, the net debt increased by SEK 937 million and, on June 30, amounted to SEK 18,524 (16,321) million. The net debt/equity ratio was 65 %, compared with 58 % at latest year-end.

Operating cash flow per business area

SEK millions	2011 Q 2	2010 Q 2	2011 Qs 1-2	2010 Qs 1-2	July 10- June 11	2010 Full Year
SSAB EMEA	735	448	945	328	-1,119	-1,736
SSAB Americas	-18	-52	42	458	1,005	1,421
SSAB APAC	-59	15	-153	-79	88	162
Tibnor	-12	20	67	-36	145	42
Other	-56	-90	-74	-74	-101	-101
Operating cash flow	590	341	827	597	18	-212
Financial items	-138	-118	-244	-192	-444	-392
Taxes	-7	-125	-227	140	-494	-127
Cash flow from current operations	445	98	356	545	-920	-731
Strategic capital expenditures	-465	-241	-815	-390	-1,595	-1,170
Acquisition of businesses and operations	-21	-	-21	-	-21	-
Divestment of businesses and operations 1)	-	-86	-	-85	-474	-559
Cash flow before dividend and financing	-41	-229	-480	70	-3,010	-2,460
Dividend to the parent company's shareholders	-648	-324	-648	-324	-648	-324
Dividend to non-controlling interests	0	-15	-45	-15	-45	-15
Acquisition of non-controlling interests 2)	-393	-	-393	-	-393	-
Revaluation of liabilities against equity 3)	-74	-804	752	-834	2,185	599
Currency effects 4)	-5	90	-123	96	-292	-73
Change, net debt (increase-/decrease +)	-1,161	-1,282	-937	-1,007	-2,203	-2,273

1) 2010 includes payment of SEK 591 million to the purchaser of the tubular business under warranty undertakings regarding tax.

2) The minority stake in Tibnor was acquired during the second quarter of 2011.

3) Revaluation for hedging of currency risk in foreign operations.

4) Primarily cash flow effects on derivative instruments and revaluation of other financial liabilities in foreign currency.

At June 30, the term to maturity on the loan portfolio averaged 2.9 (3.4) years, with an average fixed interest period of 0.7 (1.0) years. Of the loan portfolio of SEK 19,789 (17,610) million, short-term commercial paper accounted for SEK 2,306 (1,569) million.

The Group's liquidity preparedness

SEK millions	2011 June 30	2010 June 30
Cash and cash equivalents	705	1,345
Committed credit facilities	10,829	13,623
Liquidity preparedness	11,534	14,968
- as a percentage of annual sales (rolling 12 months)	27%	43%
Less commercial paper	-2,306	-1,569
Liquidity preparedness excluding commercial paper	9,228	13,399
- as a percentage of annual sales (rolling 12 months)	21%	38%

Return on capital employed/equity

The return on capital employed before tax and return on equity after tax for the most recent 12-month period were 4% and 5% respectively, while for the full year of 2010 they were 2% and 2% respectively.

Equity

Following the addition of profit for the first half of the year of SEK 1,275 million attributable to the Company's shareholders less other comprehensive income of SEK -1,636 million (primarily comprising translation differences), and after deduction for dividends of SEK 648 million and following the acquisition of the minority stake in Tibnor, the shareholders' equity in the Company amounted to SEK 28,629 (29,885) million, corresponding to SEK 88.38 (101.35) per share.

Capital expenditures

During the first half of the year, decisions were taken regarding new capital expenditures totaling SEK 499 (805) million, of which SEK 117 (474) million involved strategic investments. Capital expenditure payments during the first half of the year amounted to SEK 1,281 (822) million, of which SEK 815 (390) million involved strategic investments.

Acquisition of the minority share in Tibnor

During the first half of the year, SSAB became the sole owner of Tibnor AB. This took place through SSAB's acquisition of Outokumpu's minority share of 15%. The purchase price was SEK 393 million.

Development during the second quarter

Shipments and production

SSAB's shipments during the second quarter were on the same level as in the first quarter of 2011, but were 2% lower than in the second quarter of 2010. Shipments of niche products were in line with the first quarter of 2011 but increased by 17% compared with the second quarter of last year. All in all, during the quarter niche products accounted for 37 (31)% of total shipments.

Crude steel production was largely unchanged compared with the first quarter of 2011, but was up 3% compared with the second quarter of last year. Steel production declined by 2% compared with the first quarter of 2011, but increased by 1% compared with the second quarter of 2010.

Sales

Sales during the quarter amounted to SEK 11,769 (10,911) million, an increase of SEK 858 million or 8% compared with the second quarter of 2010. Higher prices accounted for a positive effect of 16 percentage points and an improved product mix for 2 percentage points, while currency effects accounted for a negative effect of 10 percentage points.

Earnings

Operating profit during the second quarter improved by SEK 615 million compared with the second quarter of 2010 and amounted to SEK 1,323 (708) million. Exchange rate movements, compared with the second quarter of 2010, had a positive effect of approximately SEK 100 million on operating profit. The profit analysis is shown in the table below.

Change in operating profit between the second quarter of 2011 and 2010 (SEK millions)	
Currency effect on operating profit	100
Steel operations	
-Higher prices	1,900
-Higher volumes	200
-Higher variable production costs	-1,400
Tibnor	
-Lower volumes, change mix and margins	-80
Higher fixed costs	-201
Other	96
Change in operating profit	615

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

Profit after financial items for the quarter amounted to SEK 1,179 (624) million. Exchange rate movements, compared with the second quarter of 2010, had a positive effect on profit of approximately SEK 120 million.

Profit after tax and earnings per share

Profit after tax (attributable to the shareholders) for the quarter amounted to SEK 871 (533) million or SEK 2.73 (1.64) per share. Exchange rate movements, compared with the second quarter of 2010, had a positive effect on profit of approximately SEK 140 million. Tax costs for the quarter amounted to SEK 308 (70) million.

Financing and liquidity

The operating cash flow for the quarter was SEK 590 (341) million. Cash flow was negatively affected, primarily by increased inventories, associated in part with the planned summer outages. Cash flow before financing and dividends amounted to SEK -41 (-229) million. The cash flow was affected, among other things, by expenditures of SEK 465 (241) million on strategic investments.

SSAB EMEA

SEK millions	2011 Q 2	2010 Q 2	2011 Qs 1-2	2010 Qs 1-2	July 10 - June 11	2010 Full Year
Sales	6,386	5,678	12,457	10,514	23,371	21,428
Operating profit before depreciation	940	615	1,456	1,101	1,850	1,495
Operating profit	664	338	900	552	722	374
Operating margin (%)	10%	6%	7%	5%	3%	2%
Return on capital employed (%)	-	-	-	-	4%	3%
Shipments ('000 tonnes)						
- Quenched steels	86	75	179	134	314	269
- AHSS	158	130	298	241	521	464
- Ordinary	312	395	650	772	1,179	1,301
Production ('000 tonnes)						
- Crude steel	957	941	1,900	1,815	3,503	3,418
- Steel	755	764	1,520	1,502	2,738	2,720
Operating cash flow	735	448	945	328	-1,119	-1,736
Maintenance capital expenditures	-276	-157	-392	-313	-711	-632
Strategic capital expenditures 1)	-224	-142	-378	-259	-813	-694

1) The quarter includes the acquisition of a Polish steel distributor and a 30% stake in a Dutch Hardox distributor for a total of SEK 52 million.

Demand remained stable from the mining industry within the Material Handling segment, and demand from Construction Machinery improved during the quarter. The Heavy Transport segment demonstrated continued good demand. Steel shipments declined by 3% compared with the first quarter of 2011 and by 7% compared with the second quarter of last year, and amounted to 556 (600) thousand tonnes. Shipments of niche products increased by 20% compared with the second quarter of 2010 and amounted to 244 (205) thousand tonnes. Shipments of niche products thereby accounted for 44 (34)% of total shipments.

Compared with the first quarter of 2011, prices for advanced high-strength steels (AHSS) increased by 6% in local currency and, following mix and currency effects, the price changes totaled 6%. Quenched steel prices in local currency increased by 3% and, following mix and currency effects, prices increased in total by 2%. Prices for ordinary steel increased by 14% compared with the first quarter and, following an improved product mix of 4%, and currency effects of 1%, price changes totaled 19%. See the table below.

Crude steel production was stable during the quarter and increased by 2% compared with the second quarter of 2010. Steel production was affected by some minor disruptions and declined by 1% compared with the same period last year.

Sales increased by 12% compared with the second quarter of 2010 and reached SEK 6,386 (5,678) million. Higher prices accounted for a positive effect of 13 percentage points, and an improved product mix including lower volumes accounted for 2 percentage points, while currency effects accounted for a negative effect of 3 percentage points.

Operating profit for the period was SEK 664 (338) million, an improvement of SEK 326 million compared with the second quarter of last year. Exchange rate movements, compared with the second quarter of 2010, had a positive effect on profit of approximately SEK 280 million. The profit analysis is shown in the table below.

Operating cash flow during the second quarter was positively affected by increased accounts payable but negatively affected by increased inventories, associated in part with the planned summer outages, and amounted to SEK 735 (448) million.

During the quarter, decisions were taken regarding new capital expenditure totaling SEK 96 (150) million. Capital expenditure payments during the quarter amounted to SEK 500 (299) million, of which SEK 224 (142) million involved strategic investments, including acquisitions of businesses for SEK 52 million. The largest ongoing project comprises an investment to produce quenched steel at the plant in Borlänge. The line is expected to be brought into commission early 2012.

Analysis of operating profit quarter 2/10 to 2/11	SEK millions
Currency effect in operating profit	280
Price/mix	750
Volume	100
Variable costs	-750
Fixed costs	-126
Other	72
Change in operating profit	326

Price analysis quarter 1/11 to 2/11	Ordinary steel	Quenched steel	AHSS
Price change, local currency	14%	3%	6%
Changed product mix	4%	-2%	-1%
Currency changes	1%	1%	1%
Net price change	19%	2%	6%

SSAB Americas

SEK millions	2011 Q 2	2010 Q 2	2011 Qs 1-2	2010 Qs 1-2	July 10 - June 11	2010 Full Year
Sales	4,403	4,037	8,387	7,179	15,789	14,581
Operating profit before depreciation	733	439	1,202	674	2,050	1,522
Operating profit 1)	644	334	1,022	468	1,673	1,119
Operating margin (%)	15%	8%	12%	7%	11%	8%
Return on capital employed (%) 2)	-	-	-	-	22%	16%
Shipments ('000 tonnes)						
- Quenched steels	51	51	104	91	191	178
- AHSS	103	79	220	165	439	384
- Ordinary	474	480	927	919	1,802	1,794
Production ('000 tonnes)						
- Crude steel	624	599	1,255	1,184	2,405	2,334
- Steel	579	553	1,171	1,111	2,269	2,209
Operating cash flow	-18	-52	42	458	1,005	1,421
Maintenance capital expenditures	-35	-61	-66	-110	-114	-158
Strategic capital expenditures	-225	-99	-426	-131	-713	-418

1) Excluding depreciation and amortization on surplus values on intangible and tangible fixed assets.

2) The return is calculated excluding surplus values. Including surplus values, the return is 3% and 1% respectively.

During the second quarter, demand remained good within most segments apart from Automotive, where demand fell during the latter part of the quarter. Shipments were 1% higher than in the first quarter of 2011 and 3% higher than in the second quarter of 2010, and amounted to 628 (610) thousand tonnes. Shipments of niche products were 18% higher than in the second quarter of 2010 and amounted to 154 (130) thousand tonnes. Shipments of niche products thereby accounted for 25 (21)% of total shipments during the second quarter.

AHSS prices in USD rose by 13% compared with the first quarter and after mix effects by 17%. For quenched steel, the price change was 3% and after mix effects 9%. Price increases on ordinary steel amounted to 15% and after mix effects 14%. See the table below.

Both crude steel production and steel production were stable during the quarter and increased by 4% and 5% respectively compared with the second quarter of 2010.

Sales during the second quarter increased by 9% compared with the second quarter of 2010 and amounted to SEK 4,403 (4,037) million. Higher prices accounted for a positive effect of 25 percentage points, and improved product mix including volume increases for a positive effect of 5 percentage points, while currency effects accounted for a negative effect of 21 percentage points.

Operating profit for the quarter was SEK 644 (334) million, an improvement of SEK 310 million. Exchange rate movements, compared with the second quarter of 2010, negatively affected profit by approximately SEK 120 million. The profit analysis is shown in the table below.

Operating cash flow during the second quarter was negatively affected primarily by increased inventories and accounts receivable due to increased sales, and amounted to SEK -18 (-52) million.

During the quarter, decisions were taken regarding new capital expenditure totaling SEK 105 (-) million. Capital expenditure payments during the quarter amounted to SEK 260 (160) million, of which SEK 225 (99) million involved strategic investments. The largest ongoing project comprises a construction of a second quenching line in Mobile, Alabama to increase quenched steel production capacity by approximately 200 thousand tonnes. The quenching line is expected to be brought into commission during the first half of 2012.

Analysis of operating profit quarter 2/10 to 2/11	SEK millions
Currency effect in operating profit	-120
Price/mix	1 000
Volume	70
Variable costs	-610
Fixed costs	-57
Other	27
Change in operating profit	310

Price analysis quarter 1/11 to 2/11	Ordinary steel	Quenched steel	AHSS
Price change, local currency	15%	3%	13%
Changed product mix	-1%	6%	4%
Net price change in USD	14%	9%	17%

SSAB APAC

SEK millions	2011 Q 2	2010 Q 2	2011 Qs 1-2	2010 Qs 1-2	July 10 - June 11	2010 Full Year
Sales	788	688	1,478	1,277	2,527	2,326
Operating profit before depreciation	68	98	172	109	301	238
Operating profit	67	96	169	106	295	232
Operating margin (%)	9%	14%	11%	8%	12%	10%
Return on capital employed (%)	-	-	-	-	34%	33%
Shipments ('000 tonnes)						
- Quenched steels	39	31	71	56	115	100
- AHSS	22	26	46	45	90	89
- Ordinary	3	1	4	27	4	27
Operating cash flow	-59	15	-153	-79	88	162
Maintenance capital expenditures	-2	-2	-2	-2	-2	-2
Strategic capital expenditures	-41	0	-64	0	-122	-58

During the second quarter, demand – especially for quenched steels – remained strong in China and Australia, not least within the Materials Handling and Construction Machinery segments. Shipments of niche products increased by 9% compared with the first quarter of 2011, and by 7% compared with the second quarter of 2010. They amounted to 61 (57) thousand tonnes and comprised 95 (98)% of total shipments.

Prices in local currency on shipments of quenched steels decreased by 4% compared with prices in the first quarter and, following a mix effect of 6% and currency effect of -1%, price changes totaled 1%. AHSS prices in local currencies decreased by 1% compared with the first quarter and, following a mix effect and currency effect of -1%, price changes totaled -2%. See the table below.

Sales increased by 15% compared with the second quarter of 2010 and amounted to SEK 788 (688) million. Higher prices accounted for a positive effect of 18 percentage points and an improved product mix including volume increases accounted for 13 percentage points, while currency effects accounted for a negative effect of 16 percentage points.

Operating profit for the quarter was SEK 67 (96) million, which was SEK 29 million lower than the second quarter 2010. Exchange rate movements, compared with the second quarter of 2010, negatively affected profit by approximately SEK 80 million. The profit analysis is shown in the table below.

Operating cash flow during the second quarter was negatively affected by increased inventories and increased accounts receivable due to increased sales. Operating cash flow amounted to SEK -59 (15) million.

No decisions were taken during the quarter regarding new capital expenditures. The largest ongoing project comprises the finishing line in Kunshan, China. The line will have capacity for cut to length, blasting and organic coating and is expected to be brought into commission at the end of this year. The investment also includes a research and development center which will focus on processing and applications development of high strength steels. Capital expenditure payments during the quarter amounted to SEK 43 (2) million, of which SEK 41 (0) million involved strategic investments.

Analysis of operating profit quarter 2/10 to 2/11	SEK million
Currency effect in operating profit	-80
Price/mix	130
Volume	10
Variable costs	-90
Fixed costs	-8
Other	9
Change in operating profit	-29

Price analysis quarter 1/11 to 2/11	Ordinary steel	Quenched steel	AHSS
Price change, local currency	6%	-4%	-1%
Changed product mix	-1%	6%	0%
Exchange rate movements	-1%	-1%	-1%
Net price change	4%	1%	-2%

Tibnor

SEK millions	2011 Q 2	2010 Q 2	2011 Qs 1-2	2010 Qs 1-2	July 10 - June 11	2010 Full Year
Sales	1,957	1,834	3,908	3,308	7,296	6,696
Operating profit before depreciation	109	201	248	292	426	470
Operating profit	99	188	227	267	381	421
Operating margin (%)	5%	10%	6%	8%	5%	6%
Return on capital employed (%)	-	-	-	-	20%	22%
Shipments ('000 tonnes)	162	174	338	321	630	613
Operating cash flow	-12	20	67	-36	145	42
Maintenance capital expenditures	-3	-4	-5	-5	-47	-47

During the second quarter, shipments of Tibnor's strip products in particular declined compared with both the preceding quarter and the corresponding quarter of last year. Total shipments during the second quarter were 8% lower than in the first quarter of 2011, and by 7% lower compared with the second quarter of 2010.

Sales increased by 7% compared with the second quarter of 2010 and amounted to SEK 1,957 (1,834) million. The increase is due to higher prices with a positive effect of 15 percentage points, while currency effects and lower volumes affected sales negatively by 8 percentage points.

Operating profit for the second quarter was SEK 99 (188) million, which was SEK 89 million lower than the second quarter 2010. The profit analysis is shown in the table below.

Operating cash flow during the second quarter was SEK -12 (20) million. Operating cash flow was negatively affected by an increase in working capital, primarily due to increased inventories.

During the quarter, decisions were taken regarding new capital expenditures totaling SEK 23 (3) million. Capital expenditure payments during the second quarter amounted to SEK 3 (4) million.

Analysis of operating profit quarter 2/10 to 2/11	SEK million
Currency effect in operating profit	10
Margin/volume/mix	-80
Fixed costs	-9
Other	-10
Change in operating profit	-89

Sustainability work during the first half of the year

In April, SSAB decided to be a co-financier for the construction of a demonstration plant in France, the so-called ULCOS blast furnace. The facility is planned to be brought into commission in 2016 and is aimed at developing technology for halving carbon dioxide emissions from blast furnace steel production.

Risks and uncertainties

For information regarding significant risks and uncertainty factors, reference is made to the detailed description provided in the annual report for 2010. No significant new or changed risks and uncertainty factors have been identified during the quarter.

Accounting principles

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

The accounting principles are based on International Financial Reporting Standards as adopted by the EU and consequential references to Chapter 9 of the Annual Accounts Act. The accounts of the parent company have been prepared in accordance with RFR 2 and the Annual Accounts Act. No material changes in accounting principles have taken place since the annual accounts for 2010.

Affirmation

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

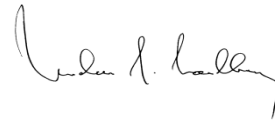
Stockholm, July 21, 2011



Sverker Martin-Löf
Chairman of the Board



Sture Bergvall
Director



Anders G Carlberg
Director



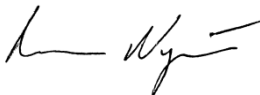
Bert Johansson
Director



Jan Johansson
Director



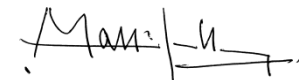
Annika Lundius
Director



Anders Nyrén
Director



Patrick Sjöholm
Director



Matti Sundberg
Director



John Tulloch
Director



Lars Westerberg
Director



Martin Lindqvist
President and CEO

Review report

We have reviewed this report for the period 1 January 2011 to 30 June 2011 for SSAB AB (publ). The board of directors and the CEO are responsible for the preparation and presentation of this interim report in accordance with IAS 34 and the Swedish Annual Accounts Act. Our responsibility is to express a conclusion on this interim report based on our review.

We conducted our review in accordance with the Swedish Standard on Review Engagements SÖG 2410, Review of Interim Report Performed by the Independent Auditor of the Entity. A review consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Interna-

tional Standards on Auditing, ISA, and other generally accepted auditing standards in Sweden. The procedures performed in a review do not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Based on our review, nothing has come to our attention that causes us to believe that the interim report is not prepared, in all material respects, in accordance with IAS 34 and the Swedish Annual Accounts Act, regarding the Group, and with the Swedish Annual Accounts Act, regarding the Parent Company.

We have reviewed the interim report for SSAB AB (publ) for the period January 1 - June 30, 2011. The Board of Directors and the President are responsible for the preparation and presentation of this interim report in accordance with IAS 34 and the Annual Accounts Act. Our responsibility is to express a conclusion on this interim report based on our review.

Stockholm July 21, 2011

PricewaterhouseCoopers AB



Claes Dahlén
Authorized Public Accountant

Consolidated income statement

SEK millions	2011 Q 2	2010 Q 2	2011 Qs 1-2	2010 Qs 1-2	July 10- June 11	2010 Full Year
Sales	11,769	10,911	22,825	19,776	42,932	39,883
Costs of goods sold	-9,885	-9,459	-19,602	-17,514	-38,026	-35,938
Gross profit	1,884	1,452	3,223	2,262	4,906	3,945
Selling and administrative costs	-819	-807	-1,512	-1,434	-2,910	-2,832
Other operating income and expenses 1)	235	34	200	12	102	-86
Affiliated companies, profit after tax	23	29	28	36	49	57
Operating profit/loss	1,323	708	1,939	876	2,147	1,084
Financial income	7	10	12	30	12	30
Financial expenses	-151	-94	-268	-199	-501	-432
Profit/loss for the period after financial items	1,179	624	1,683	707	1,658	682
Tax	-308	-70	-408	-1	-325	82
Profit/loss for the period after tax for continuing operations	871	554	1,275	706	1,333	764
Profit/loss for the period after tax for discontinued operations 2)	-	-164	-	-164	-	-164
Profit/loss for the period after tax	871	390	1,275	542	1,333	600
Of which attributable to:						
- the parent company's shareholders	885	369	1,275	512	1,315	552
- non-controlling interests	-14	21	0	30	18	48

Key numbers	2011 Q 2	2010 Q 2	2011 Qs 1-2	2010 Qs 1-2	July 10- June 11	2010 Full Year
Operating margin (%)	11	6	8	4	5	3
Return on capital employed before tax (%)	-	-	-	-	4	2
Return on equity after tax (%)	-	-	-	-	5	2
Earnings per share (SEK) 3)	2.73	1.14	3.94	1.58	4.06	1.70
- of which continuing operations (SEK) 3)	2.73	1.64	3.94	2.09	4.06	2.21
Equity per share (SEK)	88.38	101.35	88.38	101.35	88.38	92.26
Equity ratio including non-controlling interests (%)	48	51	48	51	48	49
Net debt/equity ratio (%)	65	49	65	49	65	58
Average number of shares during the period (millions)	323.9	323.9	323.9	323.9	323.9	323.9
Number of shares at end of period (millions)	323.9	323.9	323.9	323.9	323.9	323.9
Number of employees at end of period	8,978	8,449	8,978	8,449	8,978	8,790

1) The results for the quarter include primarily exchange rate profits/losses on operating receivables/liabilities of SEK 130 (16) million.

2) Discontinued operations' means the tubular business in North America divested in 2008. The cost in 2010 relates to the warranty undertakings to the buyer regarding tax.

3) There are no outstanding share instruments, and thus no dilution is relevant.

Consolidated statement of comprehensive income

SEK millions	2011 Q 2	2010 Q 2	2011 Qs 1-2	2010 Qs 1-2	July 10- June 11	2010 Full Year
Profit/loss for the period after tax	871	390	1,275	542	1,333	600
<i>Other comprehensive income</i>						
Translation differences for the period	239	2,327	-2,077	2,403	-6,242	-1,762
Cash flow hedging	-111	5	-142	7	32	181
Hedging of currency risks in foreign operations	-74	-804	752	-834	2,185	599
Share in other comprehensive income of affiliated companies and joint ventures	-8	-1	-8	8	-16	0
Tax attributable to other comprehensive income	48	211	-161	218	-584	-205
Other comprehensive income for the period, net after tax	94	1,738	-1,636	1,802	-4,625	-1,187
Total comprehensive income for the period	965	2,128	-361	2,344	-3,292	-587
Of which attributable to:						
- parent company's shareholders	977	2,107	-361	2,314	-3,307	-632
- non-controlling interests	-12	21	0	30	15	45

Consolidated statement of changes in equity

SEK millions	Equity attributable to the parent company's shareholders						Non-controlling interests	Total equity
	Share capital	Other contributed funds	Reserves	Retained earnings	Total			
Equity, December 31, 2009	2,851	9,944	-916	18,962	30,841	161	31,002	
<u>Changes Jan 1-Jun 30, 2010</u>								
Adjustment, opening balance			53	-53	0		0	
Comprehensive income for the period			1,749	565	2,314	30	2,344	
Dividend				-324	-324	-15	-339	
Equity, June 30, 2010	2,851	9,944	886	19,150	32,831	176	33,007	
<u>Changes Jul 1-Dec 31, 2010</u>								
Comprehensive income for the period			-2,933	-13	-2,946	15	-2,931	
Equity, December 31, 2010	2,851	9,944	-2,047	19,137	29,885	191	30,076	
<u>Changes Jan 1-Jun 30, 2011</u>								
Comprehensive income for the period			-1,636	1,275	-361		-361	
Dividend to non-controlling interests					0	-45	-45	
Acquisition of non-controlling interests 1)			-3	-244	-247	-146	-393	
Dividend				-648	-648		-648	
Equity, June 30, 2011	2,851	9,944	-3,686	19,520	28,629	-	28,629	

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

1) The minority stake in Tibnor was acquired during the second quarter of 2011.

Consolidated balance sheet

SEK millions	June 30 2011	June 30 2010	Dec 30 2010
Assets			
Goodwill	17,347	21,220	18,643
Other intangible assets	3,664	5,333	4,309
Tangible non-current assets	17,086	17,687	17,063
Participations in affiliated companies	350	394	395
Financial assets	72	58	77
Deferred tax receivables	174	461	159
Total non-current assets	38,693	45,153	40,646
Inventories	12,241	10,393	11,389
Accounts receivable	6,463	6,270	5,057
Current tax receivables	331	518	742
Other current receivables	1,539	848	1,905
Cash and cash equivalents	705	1,345	1,314
Total current assets	21,279	19,374	20,407
Total assets	59,972	64,527	61,053
Equity and liabilities			
Equity for shareholders in the company	28,629	32,831	29,885
Non-controlling interests	-	176	191
Total equity	28,629	33,007	30,076
Deferred tax liabilities	4,698	5,384	4,952
Other non-current provisions	261	280	254
Non-current interest-bearing liabilities	16,230	15,585	16,786
Total non-current liabilities	21,189	21,249	21,992
Current interest-bearing liabilities	3,559	2,026	2,977
Current tax liabilities	226	139	200
Accounts payable	4,090	5,424	4,048
Other current liabilities	2,279	2,682	1,760
Total current liabilities	10,154	10,271	8,985
Total equity and liabilities	59,972	64,527	61,053

Cash flow

SEK millions	2011 Q 2	2010 Q 2	2011 Qs 1-2	2010 Qs 1-2	July 10- June 11	2010 Full Year
Operating profit/loss	1,323	708	1,939	876	2,147	1,084
Adjustments for depreciation and impairment	561	630	1,133	1,241	2,343	2,451
Adjustment for other non-cash items	62	-36	53	-49	-10	-112
Received and paid interest	-137	-118	-244	-192	-444	-392
Tax paid	-8	-125	-227	140	-494	-127
Change in working capital	-1,039	-737	-1,832	-1,066	-3,618	-2,852
Cash flow from operations	762	322	822	950	-76	52
Capital expenditure payments	-781	-466	-1,281	-822	-2,470	-2,011
Acquisition businesses and operations	-21	-	-21	-	-21	-
Divested businesses and operations 1)	-	-86	-	-85	-474	-559
Other investing activities	-1	1	0	27	30	57
Cash flow from investing activities	-803	-551	-1,302	-880	-2,935	-2,513
Dividend	-648	-324	-648	-324	-648	-324
Change in loans	521	523	753	-1,280	3,461	1,428
Change in financial investments	208	-	311	-	-718	-1,029
Acquisition of non-controlling interests 2)	-393	-	-393	-	-393	-
Other financing activities	-80	-766	-142	-822	728	48
Cash flow from financing activities	-392	-567	-119	-2,426	2,430	123
Cash flow for the period	-433	-796	-599	-2,356	-581	-2,338
Cash and cash equivalents at beginning of period	1,129	2,097	1,314	3,652	1,345	3,652
Exchange rate difference in cash and cash equivalents	9	44	-10	49	-59	0
Cash and cash equivalents at end of period	705	1,345	705	1,345	705	1,314

1) In 2010, warranty undertakings regarding tax were paid to the purchaser of the tubular business.

2) The minority stake in Tibnor was acquired in the second quarter of 2011.

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

	Sales				Sales, external		Operating profit/loss	Return on capital employed (%) 3)		
SEK millions	2011 Qs 1-2	2010 Qs 1-2	Change in% in% 2)		2011 Qs 1-2	2010 Qs 1-2	2011 Qs 1-2	2010 Qs 1-2	July 10- June 11	2010 Full Year
SSAB EMEA	12,457	10,514	18%	23%	9,261	8,125	900	552	4	3
SSAB Americas	8,387	7,179	17%	34%	8,287	7,157	1,022	468	22	16
SSAB APAC	1,478	1,277	16%	29%	1,478	1,277	169	106	34	33
Tibnor	3,908	3,308	18%	21%	3,799	3,217	227	267	20	22
Amortization on surplus values 1)							-372	-456		
Other	-3,405	-2,502					-7	-61		
Total	22,825	19,776	15%	25%	22,825	19,776	1,939	876	4	2

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

2) Adjusted for changes in exchange rates.

3) SSAB America's return is calculated excluding surplus values. Including surplus values, the return is 3% and 1% respectively.

The Group's results per quarter

SEK millions	1/09	2/09	3/09	4/09	1/10	2/10	3/10	4/10	1/11	2/11
Sales	8,035	6,583	6,936	8,284	8,865	10,911	9,902	10,205	11,056	11,769
Operating expenses	-7,499	-6,911	-7,269	-7,252	-8,093	-9,602	-9,007	-9,703	-9,873	-9,908
Depreciation	-652	-633	-611	-610	-611	-630	-618	-592	-572	-561
Affiliated companies	-18	9	8	8	7	29	12	9	5	23
Financial items	-81	-144	-162	-82	-85	-84	-138	-95	-112	-144
Profit/loss after financial items	-215	-1,096	-1,098	348	83	624	151	-176	504	1,179

Sales per quarter and business area

SEK millions	1/09	2/09	3/09	4/09	1/10	2/10	3/10	4/10	1/11	2/11
SSAB EMEA	4,414	3,551	3,168	4,119	4,836	5,678	5,194	5,720	6,071	6,386
SSAB Americas	2,566	1,943	2,909	3,295	3,142	4,037	3,794	3,608	3,984	4,403
SSAB APAC	427	492	341	323	589	688	531	518	690	788
Tibnor	1,578	1,319	1,122	1,267	1,474	1,834	1,587	1,801	1,951	1,957
Other	-950	-722	-604	-720	-1,176	-1,326	-1,204	-1,442	-1,640	-1,765
Sales	8,035	6,583	6,936	8,284	8,865	10,911	9,902	10,205	11,056	11,769

Operating profit/loss per quarter and business area

SEK millions	1/09	2/09	3/09	4/09	1/10	2/10	3/10	4/10	1/11	2/11
SSAB EMEA	-43	-757	-1,078	185	214	338	-109	-69	236	664
SSAB Americas	1	-107	327	374	134	334	444	207	378	644
SSAB APAC	13	62	8	-13	10	96	109	17	102	67
Tibnor	-82	-12	62	-6	79	188	136	18	128	99
Amortization on surplus value 1)	-263	-248	-222	-209	-223	-233	-212	-202	-189	-183
Other	240	110	-33	99	-46	-15	-79	-52	-39	32
Operating profit/loss	-134	-952	-936	430	168	708	289	-81	616	1,323

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

The Parent Company's income statement

SEK millions	2011 Q 2	2010 Q 2	2011 Qs 1-2	2010 Qs 1-2	July 10- June 11	2010 Full Year
Gross profit	0	0	0	0	0	0
Administrative expenses	-45	-65	-98	-107	-193	-202
Other operating income/expenses 1)	45	-127	65	-123	2,113	1,925
Operating profit/loss	0	-192	-33	-230	1,920	1,723
Dividend from subsidiaries	0	0	255	85	268	98
Financial items	-54	-52	-76	-111	-198	-233
Profit/loss after financial items	-54	-244	146	-256	1,990	1,588
Appropriations	0	0	0	0	-42	-42
Tax	21	25	34	45	88	99
Profit/loss after tax	-33	-219	180	-211	2,036	1,645

1) Earnings for 2010 include a capital gain of SEK 2,010 million upon the sale of SSAB Tunnpåt to SSAB Oxelösund, which was a first stage in the merger of the two subsidiaries which took place in January 2011.

The Parent Company's statement of comprehensive income

SEK millions	2011 Q 2	2010 Q 2	2011 Qs 1-2	2010 Qs 1-2	July 10- June 11	2010 Full Year
Profit/loss after tax	-33	-219	180	-211	2,036	1,645
<i>Other comprehensive income</i>						
Hedging of currency risks in foreign operations	-74	-804	752	-834	2,185	599
Tax attributable to hedging of currency risks in foreign operations	19	211	-198	219	-574	-157
Other comprehensive income, net after tax	-55	-593	554	-615	1,611	442
Total comprehensive income for the period	-88	-812	734	-826	3,647	2,087

The Parent Company's balance sheet

SEK millions	June 30 2011	June 30 2010	Dec 31 2010
Assets			
Non-current assets 1)	39,242	37,052	38,818
Other current assets	13,124	10,195	12,647
Cash and cash equivalents	223	961	843
Total assets	52,589	48,208	52,308
Equity and liabilities			
Restricted equity	3,753	3,753	3,753
Unrestricted equity	27,320	24,378	27,234
Total equity	31,073	28,131	30,987
Untaxed reserves	694	652	694
Non-current liabilities and provisions	16,067	15,397	16,456
Current liabilities	4,755	4,028	4,171
Total equity and liabilities	52,589	48,208	52,308

1) During the second quarter of 2011, the minority stake in Tibnor was acquired for SEK 393 million.

Production and shipments

Thousand tonnes	1/09	2/09	3/09	4/09	1/10	2/10	3/10	4/10	1/11	2/11
Crude steel production										
- SSAB EMEA	492	418	233	744	874	941	739	864	943	957
- SSAB Americas	280	278	514	594	585	599	583	567	631	624
-Total	772	696	747	1,338	1,459	1,540	1,322	1,431	1,574	1,581
Steel production 1)										
- SSAB EMEA	372	441	285	652	738	764	505	713	765	755
- SSAB Americas	260	262	477	564	558	553	545	553	592	579
-Total	632	703	762	1,216	1,296	1,317	1,050	1,266	1,357	1,334
Steel shipments										
- SSAB EMEA	344	341	295	495	547	600	401	486	571	556
- SSAB Americas	308	319	510	577	565	610	583	598	623	628
- SSAB APAC	26	25	25	33	70	58	44	44	57	64
-Total	678	685	830	1,105	1,182	1,268	1,028	1,128	1,251	1,248
of which										
- AHSS, SSAB EMEA 2)	64	71	59	88	111	130	103	120	140	158
-Quenched steel, SSAB EMEA	63	29	29	46	59	75	58	77	93	86
- AHSS, SSAB Americas 2)	45	40	99	192	86	79	93	126	117	103
- Quenched steel, SSAB Americas	25	23	29	31	40	51	41	46	53	51
- AHSS, SSAB APAC 2)	11	10	11	14	19	26	23	21	24	22
- Quenched steel, SSAB APAC	15	15	13	19	25	31	21	23	32	39
-Total niche products	223	188	240	390	340	392	339	413	459	459

1) Including subcontract rolling.

2) AHSS= Advanced High Strength Steels.

Sensitivity analysis

The approximate full year effect (based on the levels during the first half of 2011) on profit after financial items and earnings per share of changes in significant factors is shown in the sensitivity analysis below.

	Change,%	Effect on profit, SEK millions	Effect on earnings per share, SEK 2)
Steel prices – steel operations	10	3,600	8.20
Volumes – steel operations	10	590	1.35
Iron ore prices	10	480	1.10
Coal prices	10	310	0.70
Scrap metal prices	10	700	1.60
Interest rates	1 percentage point	170	0.40
Krona index 1)	5	320	0.70

1) Calculated based on SSAB's exposure without currency hedging. If the krona weakens, this entails a positive effect.

2) Calculated based on a tax rate of 26.3%.

Note:

This report has been published in Swedish and English. In the event of differences between the English translation and the Swedish original, the Swedish Report shall prevail.

For further information:

Helena Stålnert, Executive VP Communications Tel.+46 8 - 45 45 734

Catarina Ihre, Director, Investor Relations, Tel. +46 8 - 45 45 729

Report for the third quarter of 2011:

The report for the third quarter of 2011 will be published on October 28, 2011.



SSAB AB (publ)

Box 70, 101 21 Stockholm, Sweden

Telephone +46 8-45 45 700. Fax +46 8-45 45 725

Visiting address: Klarabergsviadukten 70 D6, Stockholm

E-mail: info@ssab.com

www.ssab.com