Annual report 2011

SSAB

Content

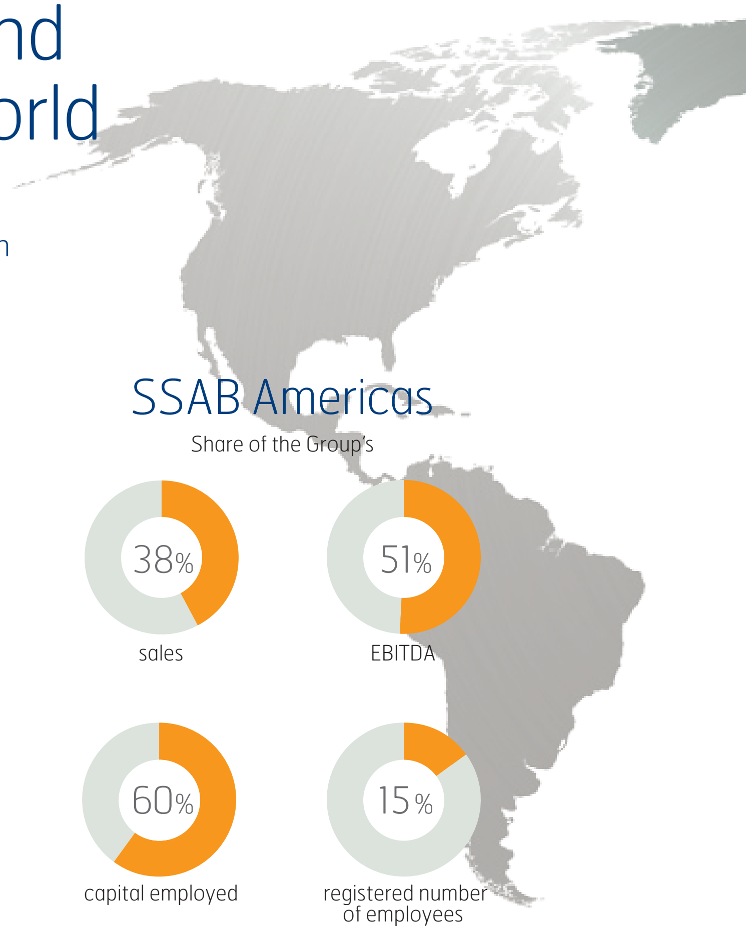
With SSAB's steels our customers are able to produce products that are lighter and stronger than if they had used standard steels. With the support of SSAB's experts, the customers are able to develop handling, processing, design and construction and in so doing improve profitability. The steel and the expertise that SSAB offers have made the company the market leader within high strength steels.

The Annual Report is published in Swedish and English. In the event of differences between the English translation and the Swedish original, the Swedish Annual Report shall prevail.

The cover shows **Stefan Skans,** Knowledge Service Center and **Linda Larsson,** SSAB One.

A stronger, lighter and more sustainable world

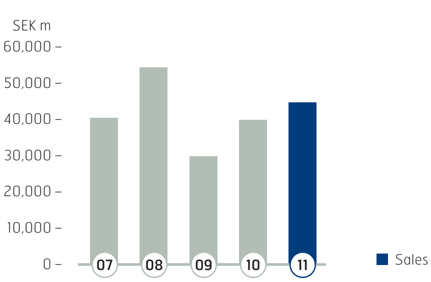
SSAB is a global leader in value added, high strength steel. SSAB offers products developed in close cooperation with its customers to create a stronger, lighter and more sustainable world.



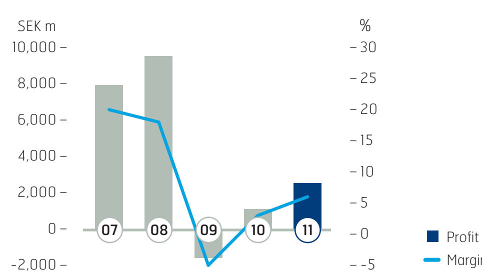
See SSAB's web based annual report 2011 on www.ssab.com or by scanning the QR code.

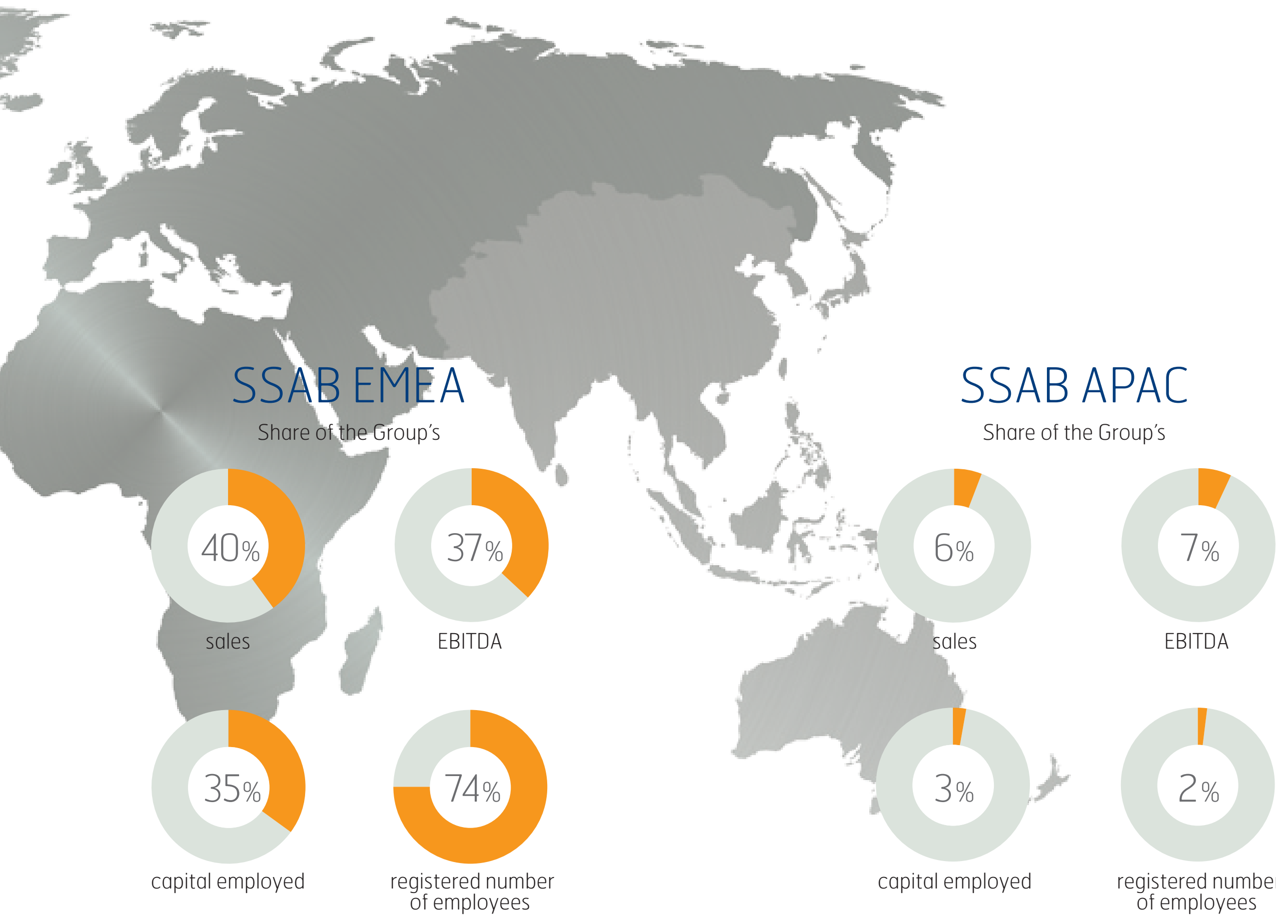
Brands	Grade of steel/important customer segments
DOMEX® HIGH STRENGTH STEEL	High strength structural steel: • Transportation industry; trailer and bodybuilders
HARDOX® WEAR PLATE	Wear plate: • Yellow goods and construction machinery
DOCOL® HIGH STRENGTH STEEL	Advanced and ultra-high strength steel: • Car manufacturers
WELDOX® HIGH STRENGTH STEEL	High strength steel: • Crane manufacturers
PRELAQ® COLORFUL BUILDING	Prepainted steel sheet: • Construction companies, architects, property owners
ARMOX® PROTECTION PLATE	Protection plate: • Protection and security
TOOLOX® TOOL & MACHINE STEEL	Engineering and tool steel: • Resellers, small workshops and OEMs

Sales, total



Operating profit and margin

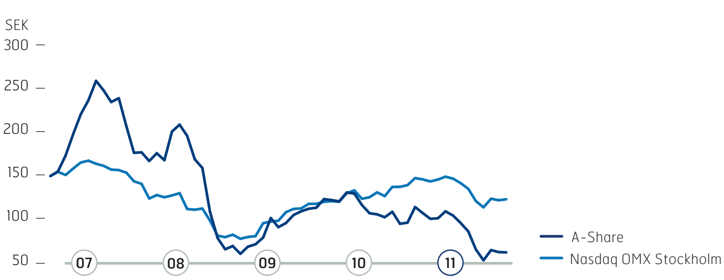




Result 2011

- Sales were up 12 percent, to SEK 44,640 (39,883) million
- Operating profit improved to SEK 2,512 (1,132) million
- Profit after financial items improved to SEK 1,998 (730) million
- Earnings per share of SEK 4.82 (2.23)
- Operating cash flow of SEK 2,821 (-172) million and cash flow from current operations of SEK 2,200 (-731) million
- Niche products now account for 37 (32) percent of steel shipments
- Proposed dividend of SEK 2.00 (2.00) per share, equal to SEK 648 (648) million

The share's performance



Source: Trust and Fidessa

Sales increase compared with 2010

2011 **12%**

Niche products' share of total shipments

2011 **37%**

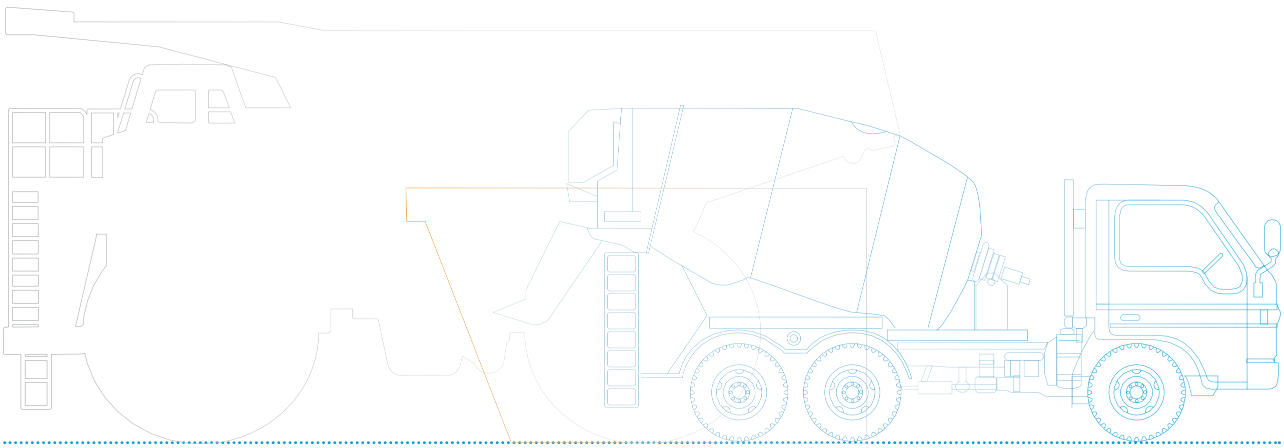
Earnings per share

2011 **4.82 SEK**

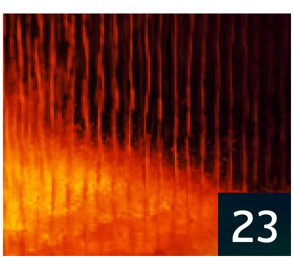
Proposed dividend per share

2011 **2.00 SEK**

The year 2011



- The recovery continued at the beginning of 2011 and demand for steel increased
- The markets weakened during the second half of the year, particularly in Europe
- Raw materials prices remained high, while steel prices weakened towards the end of the year
- Work proceeded on completing the strategic capital expenditure projects in Sweden, the US and China. When these projects are brought into commission in 2012, SSAB's global position within high strength steels will be further strengthened



A new quenching line was installed in Borlänge during the summer. Together with other investments, SSAB is expanding its product portfolio and provides a unique offering to its customers.

An extensive strategic capital expenditure program was carried out during the year in the steel works in Mobile. SSAB Americas was thereby able to begin producing the Hardox wear steel, and production of the Weldox structural steel is planned for 2012.

Through the SSAB Shape service, which produces tailor-made solutions and components the customers are able to upgrade their operations quickly and cost-efficiently and to draw the maximum benefit from high strength steels.

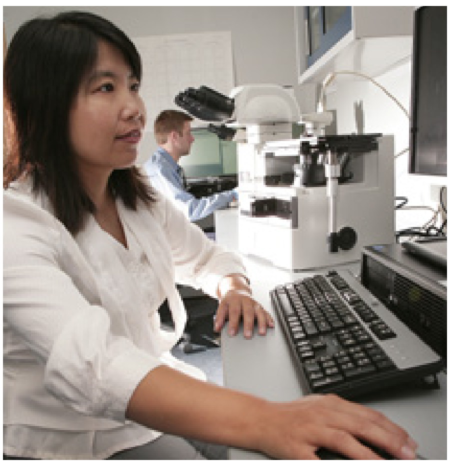
The Knowledge Service Center, offers SSAB's customers advanced solutions. A close cooperation together with customers gives increased knowledge both for customers and SSAB.

Business overview

SSAB is a leading supplier within the niche area of advanced high strength steels. In 2011, SSAB made steady progress on an extensive strategic capital expenditure program aimed at increasing high strength steel production capacity to strengthen the market position, as well as to meet market demand. With this, SSAB is on track to achieve the strategic target of niche products accounting for 50 percent of total shipments in 2015.

The vision points the way

SSAB's vision and values point the direction for the Group's long-term development. They constitute the basis for the work throughout the SSAB Group.



▲ In R&D SSAB develops lighter, stronger and more sustainable products together with customers.

Together with our customers, we will go further than anyone to realize the full potential of lighter, stronger, and more durable steel products.

Values

CUSTOMER'S BUSINESS IN FOCUS

We always take an active interest in the customer's business and seek long-term relationships. By sharing knowledge, together we create value.

TRUE

We are dedicated and proud of what we do. We build strong relationships by being open-minded, straightforward and honest, and by sharing information and knowledge.

ALWAYS AHEAD

We are result oriented. To achieve the highest performance we always proactively seek to be innovative and enhance our expertise further.

» A stronger, lighter and more sustainable world «

– SSAB´s vision


» Despite Europe's difficulties in 2011, we witnessed continued strong demand for our quenched steels in Asia, Latin America and North America.«

Through a clear strategy for the future, SSAB continues to invest with the aim of creating a stronger, lighter and more sustainable world.

We faced many challenges during the past year. Japan was hit by a terrible natural disaster; the debt crisis caused political turbulence in the US; in southern Europe, national economies faltered precariously and the European monetary union was exposed to major strains. What appeared to be an economic recovery at the beginning of the year tapered off during the summer, and uncertainty increased towards the end of the year, especially in Europe. Many steel companies curtailed production and their share prices were pressed downwards. This happened also to SSAB.

Nevertheless, I am confident as regards the future. The world needs steel, and especially steels which provide our end customers with major benefits as regards profitability and the environment. That is the reason why, over the past few years, we have focused strategically on increasing our quenched steel production capacity. We began our strategic journey with the acquisition of the North American company IPSCO in 2007. The aim was to be able to produce some of our best selling products at IPSCO's two plants, which are the most modern in North America. We have now achieved that. We have begun producing and selling Hardox 450 and 500 from our plant in Mobile and will soon be ready also to deliver Weldox from there. In addition, our new quenching line in Mobile will soon be completed, thereby increasing quenched steel production capacity in our American operations to 300,000 tonnes.

> » SSAB is more than just steel. Close cooperation with our customers is what distinguishes us from other steel companies. «

During the summer, a new quenching line was installed in Borlänge. This extremely large scale project was implemented without disruptions in the normal operations, entirely on schedule, within the set cost limits, and without a single work-related injury. With the new quenching line, we now have capacity to produce 300,000 tonnes of quenched steels at our plant in Borlänge. With additional, smaller supplementary investments, capacity can be increased even further.

Thanks to the investments made in Mobile and Borlänge and updating of the production apparatus in Oxelösund, we now possess a world-unique customer offering in terms of quality, characteristics and dimensions within wear steels and high strength structural steels – from the thinnest sheet to truly thick heavy plate.

We have built a finishing line at our plant in Kunshan outside Shanghai in order to customize steel which is delivered from Sweden and the United States.

Through these investments, and with continued development of our advanced high strength steels, I am fully convinced that we will achieve our strategic target of niche products accounting for 50 percent of our shipments in 2015.

But SSAB is more than just steel. Close cooperation with our customers is what mainly distinguishes us from other steel companies. We often enter the relationship as early as the design stage and are able to support our customers in the early development work. In 2011, we took yet a further step in this direction with the formation of SSAB Shape, where among other things we are able to offer components and tailor-made kits developed by SSAB. During the year, we have also made a number of smaller acquisitions to promote our sales of wear parts within the Hardox Wearparts network, an activity which is strong even in tough times. Last year, we opened a research and development center at our plant in Montpelier, Iowa in order to strengthen cooperation with customers and product development in the American market. Within short a research and development center will be inaugurated at our facility in Kunshan.

As a consequence of the weak market conditions during the second half of the year, in the autumn we reduced the pace of production in our Swedish operations. We introduced a freeze on new recruitments, stopped overtime, and decided not to extend short-term contracts. Naturally, this has been a difficult time for our employees and I wish to take the opportunity to thank all of them for the understanding they have shown. I also appreciate the work of the employees in our American and Asian operations in maintaining a high and even pace of production and in promoting sales. Throughout the entire Group, we can note with satisfaction that our work on improving delivery certainty has yielded extremely good results.

SSAB's production is generally very efficient from an environmental perspective. We are engaged in work focused on energy efficiency issues and we exploit and develop business involving our byproducts. Our blast furnaces are among the best in the world in terms of curtailment of carbon dioxide emissions. Thus, I am uneasy over new rules for restricting emissions within the EU, as a result of which we may find it impossible to increase production in Sweden. Consequently, growth in the steel industry will take place beyond Sweden's and Europe's borders, in countries where emissions are higher. This would be good neither for Sweden, Europe, nor the environment.

We wish to shoulder our responsibility for an improved environment. We will continue to improve the production we have today. We are also extremely active in various European cooperation projects to develop new, more environmentally friendly production technology. But perhaps most important of all: the steel we produce contributes in several ways to an improved environment. Our high strength steels make it possible to manufacture products which are lighter, stronger and more durable than products produced in standard steels. This is good for the environment and provides great profits in production, in the development of new manufacturing processes, and in new, innovative end products for our customers.

SSAB is well positioned for the future. We have a clear strategy for tomorrow.

Martin Lindqvist
President and CEO

SSAB as promoter and global leader within high strength steels

Products made of high strength steels provide the end customer with major advantages compared with products manufactured using standard steels. The designs are lighter, have a longer lifespan, and a higher load capacity. This also provides major advantages for the environment.

▲ Dumper trucks with a bed made of high strength steel from SSAB.

SSAB's strategy is to be a global leader within the niche area of advanced high strength steels and quenched steels, while at the same time consolidating its strong positions within standard steels in its domestic markets. The target is that high strength steels will account for 50 percent of shipments by 2015. In 2011, high strength steels accounted for 37 percent of total shipments. These include, for example, wear steels for mining and construction machinery, structural steels for the crane industry, and advanced high strength steels for safety components in passenger cars.

Advantages at all stages

Despite the fact that advanced high strength steels and quenched steels are considerably more expensive than standard steels, it provides customers with benefits in the form of increased durability and abrasion resistance, lighter weight in the end products, which at the same time become much stronger than products manufactured using standard steels. The high strength steels usually also contribute to simplified and more efficient production processes and a reduced use of materials. Consequently, the end-user enjoys an improved total economy when a high strength steel is used instead of a standard steel.

More than merely steel

But SSAB's niche strategy is based on more than merely steel. The customers are also offered advanced services in the form of product and process development together with SSAB's experts. The entire strategy is based on close cooperation with the customers. By SSAB being involved at an early stage in the design and product development work, the properties of the steel can be exploited in the best way. This generates increased know-how for both the customers and for SSAB, and distinguishes SSAB from most other steel companies.

More stable development

For SSAB, a focus on high strength steels also means increased stability. Prices and demand for high strength steels vary less than for standard products, which often fluctuate to a greater extent over a business cycle. Also in tougher times, a gradual transition is taking place from standard steels to the more advanced high strength steels. SSAB's focus on the after sales market as regards wear steels, through the Hardox Wearparts network, also strengthens SSAB's stability in a world which is characterized by rapid fluctuations. The creation of SSAB Shape, in which customers are offered components and parts developed by SSAB, represents yet a further step in this direction.

New markets are growing fastest

In the Chinese market, SSAB only sells niche products. China is also the market where demand for steel is growing most quickly. SSAB's goal is that, by 2015, 20 percent of niche products' shipments will be delivered in Asia. In 2011, 12 percent of high strength steel shipments was delivered to the SSAB APAC business area. In other growth markets, too, such as the mining sector in Latin America, there is a strong and growing interest in high strength steels. In the more mature markets such as America and

Europe, the gradual transition and upgrading from standard steels to high strength steels is continuing. In SSAB's domestic markets, i.e. markets where there is significant local production, SSAB also enjoys leading positions within standard steels. SSAB is the leading supplier of strip products in the Nordic region and the leading supplier of heavy plate in North America. The retention of a leading position in the domestic markets represents an important element in SSAB's strategy to continously develop the knowledge about customers' demand. Here, proximity to the customer, relations with the customer, and short delivery times are crucial.

Strategically important investments

In recent years, a number of capital expenditure projects have been implemented to support SSAB's strategy. The acquisition of the North American company IPSCO has given SSAB access to two of the most modern heavy plate plants in North America. One factor in the strategy behind the acquisition was to be able to produce SSAB's high strength steels locally in the American market. Since 2011, Hardox wear steel is being produced at the plant in Mobile, Alabama. A large-scale strategic capital expenditure program was also concluded in 2011, aimed at further strengthening SSAB's global positions within high strength steels. An additional quenching line has been constructed in Mobile, which will be brought into commission during the first half of 2012.

In Borlänge, large-scale capital expenditure projects have been carried out and a new quenching line has been constructed adjacent to the strip rolling mill. As a result, as from 2012 Borlänge will be able to offer its customers a wider product portfolio within high strength steels. Through these investments, SSAB's entire production system can be optimized. For example, the four-high rolling mill in Oxelösund can focus on thick, broad quenched plate, while the plants in Mobile and Borlänge are able to offer thinner and narrower products. SSAB offers already today the widest range of advanced quenched steels in the markets. When the new quenching lines are brought into commission, this position will be further strengthened.

Unique sales organization and unique brands

Hardox is probably the best-known product brand in the steel world. By marketing the steel through strong product brands, SSAB holds a unique position on the steel market. In addition to wear steels in the Hardox range, there are also the Domex, Weldox and Docol structural steels, the Toolox machine tool steel, the Armox protection plate and the Prelaq building steel. Through the "Hardox in my Body " customer program, customers obtain a stamp of quality which can be seen on truck platforms , dumpers and containers made of Hardox; this is a form of ingredient branding which has aroused great interest.

SSAB is working continuously to increase interest in, and enhance the development of applications produced in high strength steels. To enhance the development the Swedish Steel Prize competition is arranged annually. Competition nominees are producers of products ranging from bed bottoms to harvesters and garbage trucks, which have been developed using high strength steels. Through these types of customer activities, long-term customer relations are strengthened and interest in the use of high strength steels is further increased.

DOMEX® HIGH STRENGTH STEEL

Domex is a structural steel for transport solutions, and is aimed at the transportation industry.

HARDOX® WEAR PLATE

Hardox is an abrasion-resistant steel for maximum payload, lifespan, and operational certainty.

DOCOL® HIGH STRENGTH STEEL

Docol is a construction steel for lighter, safer solutions in the automotive industry, e.g. in the form of safety components.

WELDOX® HIGH STRENGTH STEEL

Weldox is a steel for stronger, lighter structures and is suitable for e.g. cranes.

PRELAQ® COLORFUL BUILDING

Prelaq is a pre-painted steel which can be used for roofs and panels and is available in a wide range of colors.

ARMOX® PROTECTION PLATE

Armox is a protection steel for personal safety.

TOOLOX® TOOL & MACHINE STEEL

Toolox is a tempered pre-hardened tool and machine steel.

SSAB drives development and research

SSAB's research and development work is based on the needs of the market and customers. The underlying driving force is to meet increasingly stringent demands as regards durability and abrasion resistance, in combination with lower weight. Thus, the R&D work is focused on high strength steels which fulfill critical functions and generate added value.

SSAB's research and development work is conducted in the form of a structured process. The work is promoted through the aim that SSAB's niche products shall be the obvious choice for customers throughout the world and shall set the benchmark for performance in selected market segments. This means that, for each main product, SSAB must identify two to three characteristics that are important for the end user. SSAB will ensure long-term leadership in respect of these products by developing leading guaranteed technical characteristics.

In order for SSAB to retain its leading position, the development work must be more efficient and goal-oriented than that of our competitors. SSAB has identified a number of key factors for success. The most important factor is that the Company's research and development is market-driven. In addition, SSAB attaches great importance to evaluating, handling and steering the various projects which are initiated in the market. The development work is focused primarily on high strength steels.

A clear and structured process

SSAB has identified a number of customer and market segments where the demands placed on steel are particularly high. In these cases, sustainability aspects cover not only the steel itself and its inherent characteristics, but also sustainability from a wider perspective in the form of demands for efficient use of resources and energy. Within each of the selected segments, applications have thereafter been chosen where needs for high strength steels are considered to be greatest and the potential for commercial success most promising. In addition, an analysis has been made as regards the key critical characteristics, e.g. abrasion resistance, design durability or low weight.

The prioritized segments include construction machinery including lifting, heavy transport, material handling and automotive. It is within these areas that SSAB is currently investing its greatest research and development resources. However, prioritization is constantly under review and new segments and applications are regularly considered.

SSAB's applications engineers are attuned to the pulse of the market. Their role is to assist customers in the further development of existing applications for SSAB's branded steels. This takes place in cooperation with SSAB's Knowledge Service Centers. In addition, the application engineers have the task of identifying new types of challenges facing the customers, in order thereby to create opportunities for SSAB's research and development specialists.

Efficient steering of research and development

The projects included in SSAB's portfolio undergo careful evaluation. Great focus is placed on the possibilities to steer projects

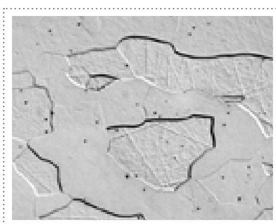
Starting with segment needs ...

Customer segment

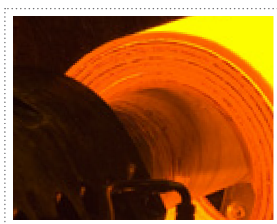
- Heavy transport
- Automotive
- Material handling, incl. mining
- Construction machinery, incl. lifting
- Energy
- Building
- Protection & tooling

leading to research in three areas.

Application/product:
Optimization of technological properties



Product:
Optimization of chemical composition and microstructure



Process:
Optimization of chemistry and process

Input from research conducted within strategic R&D areas

towards commercial success. This is based on two perspectives:

Correct choice of projects. A sound balance between projects driven by specific customer needs, extraneous changes – e.g. new legislation – and market analysis.

Correct implementation. It must be possible to carry out projects using a model which is suitable for the purpose, and with appropriate resources. To avoid bottlenecks this requires prioritization.

Most of the projects included in SSAB's portfolio are directly related to specific customers or customer segments and are based on improving the customers' applications. Some of the projects are considered to be of a larger scope and, in such cases, result in development work of a more conceptual nature. Other projects may be of such great complexity and potential that they result in development work which may lead to new products and also to a development of SSAB's processes.

A steady flow of ideas

Most of the enquiries initiated in the market are handled by SSAB's applications engineers in close cooperation with the customer. They are included in the regular technical development support which SSAB provides to all of its customers. In addition to problem-solving by its applications engineers, SSAB also offers its customers advanced development through the experts at Knowledge Service Centers. Over time this work can form the basis for new applications, the development of new products, and process development. In individual cases, it can also result in new patents.

Skilled resources

Overall applications and product development takes place at SSAB's research centers in Oxelösund and Borlänge in Sweden. The Group also has R&D centers in the US and China. This is in line with SSAB's ambition to conduct research as close as possible to the customers and the market. At the Company's local R&D centers, practical research and applications development takes place in cooperation with the customers. At the major production plants, process development is also carried out within the various production units.

Nearly 25 percent of SSAB's 180 employees engaged in central research and development hold a Ph.D. in technology. This ensures that SSAB possesses cutting edge expertise. In addition, SSAB conducts more long-term cooperation with selected research and development institutions. SwereaKimab, which is jointly owned by the Swedish government and industrial companies, is one such important cooperation partner. The projects in which SwereaKimab is engaged are essentially on a basic research level.

All in all, SSAB's research and development resources are focused primarily on promoting development within high strength steels. SSAB is purposefully investing in maintaining and strengthening its leading position in this area. Goal-oriented R&D work focused on customer benefit represents an important key to success.

SSAB's strategic and financial targets

SSAB's strategy is based on ensuring the long-term development of the company and thereby creating value for shareholders and other stakeholders. SSAB 's target is to be one of the world's most profitable steel companies.

STRATEGIC TARGETS

Strong position
Ensure strong position in Europe, North America and Asia

World leader
in the niche in the production, process development, innovation and sales

Safety
Attractive employer based on being one of the world's safest steel companies and having a high performing organization with empowered employees

Share of niche products
of the Group's total shipments 2015

50%

Asia's share
of total shipments of niche products 2015

20%

FINANCIAL TARGETS

Profitability
Return on capital employed over a business cycle, taking into consideration the need for a strong balance sheet and the dividend policy

15%

Capital structure
Long-term equity ratio (taking into account operations which are sensitive to macroeconomic trends)

50%

Long-term net debt ratio (taking into account operations which are sensitive to macroeconomic trends)

30%

Dividends
Long-term distribution of dividends, adapted to the average earnings level over a business cycle and taking into consideration the net debt ratio. It shall also possible to use dividends to adjust the capital structure

50%

Report of the Directors

SSAB AB (publ)
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Business development

During 2011 sales increased by 12 percent compared with 2010. The increase is mainly attributable to a higher price level. The operating income increased by 22 percent. Thus the operating margin doubled to 6 percent compared with 2010. During the year the investments in customer oriented R&D and large investment projects continued. In total the strategic investments amounted to almost SEK 2 billion.

Market development

2011 opened strongly and demand for steel strengthened in all markets, at the same time as prices increased. Uncertainty over economic trends increased during the summer, especially in Europe. The end of the year was characterized by cautiousness and destocking among customers.

Following a weak end of 2010, 2011 began positively with increased demand for steel and increasing prices. The primary driver was a recovery in most of the steel-intensive industries, of which mining and the truck industry were clear examples. However, the mounting financial turbulence during the summer put a stop to the trend. The latter half of 2011 was characterized by inventory reduction, a wait-and-see approach by customers, excess capacity, and consequently also falling prices. During the year, prices for iron ore and metallurgical coal reached new record levels, which resulted in continued pressure on steel producers' margins.

Continued recovery following the crisis

At the beginning of 2011, it was believed that the recovery from the earlier financial crisis was once again picking up. This trend was driven by stable activity within a number of steel-intensive industries, together with continued growth in the emerging economies. This had a positive impact on the export-dependent engineering industries in Europe and the US. Just as at the beginning of 2010, demand also strengthened thanks to low inventory levels at customers. Thus steel prices increased during the first quarter, peaking in the spring.

Regional differences

According to the trade organization, the World Steel Association, total steel consumption increased by almost 7 percent in 2011. However, the majority of mature markets still failed to reach the record levels registered in 2008. Within the EU, however, regional differences were discernible, with the Nordic and German markets showing solid growth in 2011. In North America, the recovery developed more quickly than in the EU area, among other things thanks to government assistance programs and increased economic activity. During the same period, steel consumption in the BRIC countries continued to increase, with China as the primary growth engine. In 2011, China's share of global steel production increased to 46 percent, and the country also accounted for a similar percentage of total steel consumption.

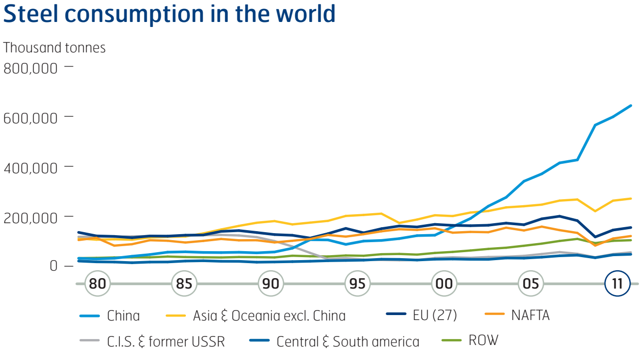
Renewed caution due to financial turbulence

The financial turbulence in the EU and US escalated during the summer of 2011, due to the high levels of sovereign debt in several countries and weak GDP growth. A general weakening in demand combined with a lack of inventory restocking after the summer break had a negative impact on most steel producers, especially within the EU area. The negative price trend which was noted during the latter part of 2010 was thus repeated in the autumn of 2011. Various steel producers took a series of measures to adjust production capacity and costs to prevailing market conditions. At the same time, high strength steels generally demonstrated greater resilience and, as usual, enjoyed more stable demand and higher margins than standard steels.

Strong demand from several customer segments

Despite the financial turbulence, a majority of industries emitted positive signals. The mining industry continued its strong growth during the year, driven by high raw materials prices and deficient delivery capacity. The mining industry's demand for steel is particularly evident in China and Australia, where gradually increasing production capacity has resulted in significant new investments and increased steel consumption linked to regular maintenance. Demand was also strong, at least during the first part of 2011, from the truck industry and manufacturers of construction machinery. Growth within these customer segments has increased the

Steel consumption in the world



Crude steel production per market

Million tonnes	2011	2010	%
EU 27	177	173	+3
USA	86	80	+7
China	696	639	+9
Other Asia	293	277	+6
Other	275	261	+5
Global	**1,527**	**1,430**	**+7**

SWEDISH STEEL PRIZE

» Since 1999, the Swedish Steel Prize has been awarded for innovative designs in high strength steels. The aim of the Swedish Steel Prize is to inspire and increase knowledge about the properties of high strength steels and the opportunities to develop lighter, stronger and more sustainable products. In 2011, four finalists with innovations within agriculture and occupational safety, along with an arena construction project were nominated. The winner 2011 was a harvester developed by Deere & Company. «

use of high strength steels. This is also a trend which is continuing within the automotive industry, where demand is increasing for components made of high strength steels, in order to make cars lighter and safer.

However, the building industry, which is an important customer segment, failed to show any signs of permanent recovery in 2011, neither in Europe nor in North America. China's expanding building market also slowed down somewhat towards the end of the year, when certain indications of overheating were discernible, which resulted in more cautious lending by banks.

Margins squeezed by raw materials prices

During the first months of the year, spot prices for both metallurgical coal and iron ore increased and reached record levels during the late winter-early spring. The driving force was increased demand for steel combined with bottlenecks at suppliers. Among other things, the rainstorms in Australia had a negative impact on access to metallurgical coal. Towards the end of 2011, significant declines were registered in global spot prices for iron ore, but there is considerable uncertainty as regards the trend in 2012. Although both iron ore and coal prices fell during the latter part of the year, steel producers' margins continued to be squeezed, due to weakened steel prices.

Continued growth in emerging economies

There is a degree of uncertainty concerning market conditions, especially in Europe, and to a certain extent also in North America. During 2011, opinion shifted away from unanimity regarding a recovery towards a general downward revision of growth forecasts. However, the trend in the US appears to be more positive, primarily due to continued stable demand for steel within the energy sector.

Generally speaking, the emerging economies continue to enjoy strong growth and, in certain cases, have not been affected to any appreciable extent by the financial turbulence of recent times. In China's most recent five-year plan it chose to reduce somewhat the rate of growth in order to prevent increased inflation and overheating in the economy.

Production and sales

The shipments of niche products increased by 15 percent compared with 2010 and the share of niche products amounted to 37 (32) percent of total shipments.

Production

Demand for SSAB's products increased at the beginning of 2011 and it was possible to steadily increase prices. However, demand and prices once again came under pressure towards the end of the first half of the year, not least in Europe. Production in the Swedish operations was reduced in response to the lower demand, primarily by cancelling the resumption of production at one of the blast furnaces in Oxelösund after the summer outage. In North America, the works operated at normal capacity utilization, but maintenance outages during the year restricted production.

Both crude steel production and rolled steel production in 2011 declined by 1 percent compared with 2010 and amounted to 5,671 (5,752) thousand tonnes and 4,888 (4,929) thousand tonnes respectively.

Sales

SSAB's shipment during the year increased by 1 percent compared with 2010 and amounted to 4,661 (4,606) thousand tonnes. Shipments of niche products increased by 15 percent compared with 2010. All in all, niche products accounted for 37 (32) percent of total shipments in 2011.

Sales during the year reached SEK 44,640 (39,883) million, an increase of SEK 4,757 million or 12 percent compared with 2010. Higher prices accounted for a positive effect of 13 percentage points, improved volume and mix for 6 percentage points, while currency effects accounted for a negative effect of 7 percentage points.

As shown in the table, sales outside Sweden accounted for 79 (78) percent of total Group sales.

▲ Traverse crane training for Mats Janers in Borlänge.

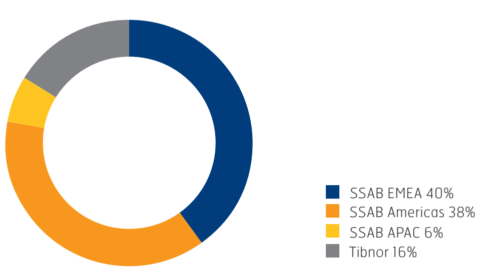
Sales in the largest markets

SEK m	2011	2010	Change,%
USA	13,860	11,648	+19
Sweden	9,406	8,918	+5
Germany	2,471	2,322	+6
Canada	2,144	1,891	+13
Finland	1,691	1,574	+7

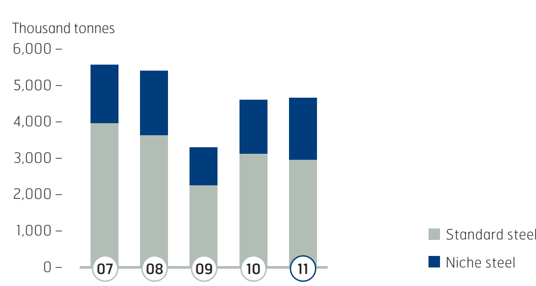
External sales per business area

SEK m	2011	2010	Change,%
SSAB EMEA	17,849	16,536	+8
SSAB Americas	16,933	14,498	+17
SSAB APAC	2,811	2,326	+21
Tibnor	7,047	6,523	+8
Total	**44,640**	39,883	**+12**

Sales per business area



Shipments



»Deere & Company (USA) – Harvester. By using advanced high strength steel combined with skilled and innovative design, Deere & Company has considerably improved the harvesting productivity and fulfilled new environmental requirements of their Harvester for crop and grain. The harvester weight is reduced, the header width is increased and the new draper is more flexible and follows uneven grounds thus improving yield better than conventional solutions.«

Cost

The prices of the Group's most important raw materials, iron ore – coal and scrap – increased during the year. Investments in research and development with the customer's business in focus, increased.

Costs in the business increased by 10 percent compared with the preceding year and amounted to SEK 43,113 (39,297) million. Of these costs, SEK 4,224 (3,920) million related to products purchased in the trading operations.

Remaining costs consisted primarily of processing costs, selling and administrative costs, depreciation/amortization, and costs for raw materials and energy.

Processing costs, selling and administrative costs

The costs consist primarily of costs for the Group's own personnel as well as purchased material and services. The workforce increased during the year, among other things in connection with the gradual staffing of the strategic investments projects and SSAB APAC's expanded sales force. Compensation to employees amounted to SEK 5,349 (4,962) million. Maintenance costs, including material and external services, increased during the year due, among other things, to major maintenance outages in both the American and the Swedish steel works.

Raw materials

Raw materials are priced in the world market and the prices, which are primarily quoted in USD, are very sensitive to the steel business cycle. Iron ore and coal are the dominant raw materials within the blast furnace-based manufacturing in Sweden. Previously, price and delivery agreement were normally entered into annually at the beginning of the year; however, a transition to quarterly pricing occurred in 2010 and the price for parts of the coal purchases are now set monthly. Scrap metal is an important raw material for the North American operations with two scrap-based steel works.

The combined iron ore price in USD was 21 percent higher than in 2010, corresponding to an increase of 4 percent in SEK. The combined coal price in USD was 50 percent higher than in 2010, corresponding to an increase of 27 percent in SEK.

The American operations regularly purchase scrap metal as a raw material for their production. Market prices for scrap metal in the US were relatively stable during the year, after having risen substantially towards the end of 2010. The price at the end of the year was approximately 10 percent higher than at the beginning of 2011.

In total, costs for raw materials increased and amounted to SEK 19,898 (18,262) million.

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

Energy

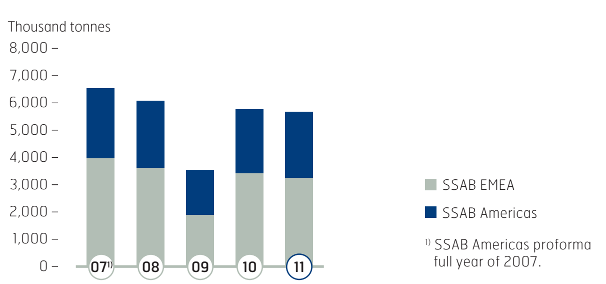
Coal is an essential reduction agent for removing oxygen from iron ore and constitutes one of the most important raw materials in iron ore-based steel production. Coal also provides approximately 85 percent of the energy for the Swedish steel operations.

Energy is otherwise provided through electricity, oil and LPG. In total, the Swedish steel operations consumed 1,548 (1,582) GWh of electric power and 1,359 (1,494) GWh of oil and LPG during the year. By utilizing the energy-rich gases that are formed during steel production, among other things electricity is produced at the power plant in Oxelösund and in the half-owned energy company, Lulekraft. During the year, these plants produced 641 (702) GWh of electricity.

Electricity and natural gas represent significant energy costs for SSAB Americas and account for approximately 10 percent of the total steel plant production costs. SSAB Americas has long-term electricity agreements with fixed prices.

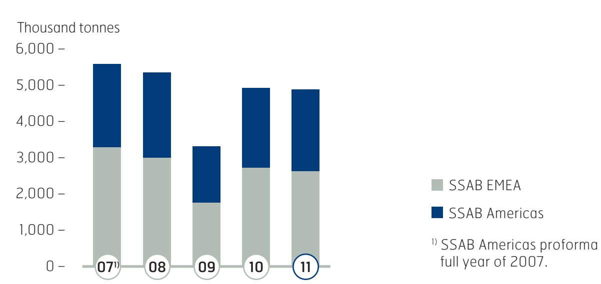
In total, the Group's energy costs (excluding coal) amounted to SEK 2,449 (2,553) million.

Crude steel production



[1)] SSAB Americas proforma full year of 2007.

Strip and plate production



[1)] SSAB Americas proforma full year of 2007.

Research and development – R&D

SSAB's research and development focuses on process development, product development, and customer applications. During the year, research and development investments amounted to SEK 223 (190) million, which is an increase with 17 percent compared with last year. The strategy of market-driven research and development, focusing on the customer's business, continues to develop.

SSAB has continued to expand the product range with several dimensions (thicknesses and widths) and new grades of steel from the production plants in Oxelösund, Borlänge and Mobile. SSAB is today able to offer its customers both wear- resistant steels and construction steels in thicknesses ranging from 0.5 mm up to 160 mm, which is the broadest product range on the market. The start-up of the new plants in Borlänge, Oxelösund and Mobile will lead to an accelerated introduction of new steel grades in the coming years.

Steel for safety components for the automotive industry is also a prioritized area. Considerable resources have been invested in this area in order to meet the automotive industry's needs for corrosion-resistant high strength steels. 2011 saw the launch of Docol 1400 MZE, which is the world's strongest electro-galvanized steel.

As part of the development of a global R&D organization, a new research center in Kunshan, China will be inaugurated in the first quarter 2012. Recruiting and staffing for this facility began in 2011 and already today SSAB are able to offer advanced technical customer support locally in China. Within the scope of our strategic research cooperation with SwereaKimab, we are conducting some 20 projects aimed at developing the next generation of wear-resistant and high-strength construction steels.

Applications development and technical customer service have carried out some one hundred customer projects in 2011, and developed new conceptual solutions. SSAB is able to offer support throughout the customer's entire development chain, from skills development to full-scale production and sales. The technical support provided by SSAB's Knowledge Service Center in the development of SSAB Mining Service Centers is a good example of this.

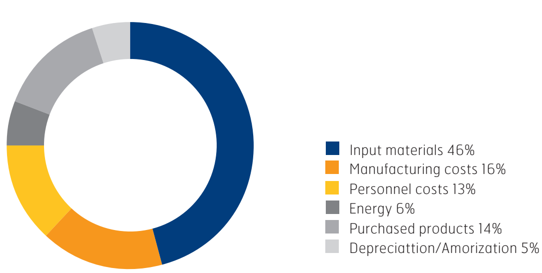
SSAB is also actively engaged in research and development in the environmental area, focusing on further reducing carbon dioxide emissions and identifying new applications for various residual products. A major success has been the development at SSAB's steel mills of a new method for extracting vanadium from LD slag.

All in all, the increased R&D investments in 2011 entailed a significant increase in the budget for the development of new products, applications, and improved production processes.

Important partners in the Group's research and development network include the Royal Institute of Technology, Luleå Technical University, Dalarna University, the Swerea institutions (Swedish research), and also industry organizations, namely the Swedish Steel Producers' Association, Eurofer (European Confederation of Iron and Steel Institutes) and the World Steel Association.

In North America, SSAB supports research activities at a number of universities, for example the Colorado School of Mines and Carnegie Mellon University. The industry organization American Steel Association is also part of SSAB network.

The Group's cost structure



Result

Operating profit improved by SEK 1,380 million to SEK 2,512 (1,132) million. The operating margin increased to 6 (3) percent.

Result

Operating profit improved by SEK 1,380 million to SEK 2,512 (1,132) million. The operating margin was thus 6 (3) percent. Exchange rate movements compared with 2010 (the effect of sales and purchases in 2011 taking place at different rates than in 2010) made a positive contribution to operating profit of approximately SEK 500 million. As a consequence of the reduced production during the second half of the year, carbon dioxide emissions from the operations were lower. It was thus possible to sell superfluous emission rights, which added SEK 275 (4) million to earnings.

Financial items for the full year amounted to SEK -514 (-402) million. Financial items were negatively affected by, primarily, higher interest rates and a higher net debt, compared with 2010. Profit after financial items was SEK 1,998 (730) million, an improvement of SEK 1,268 million.

Tax

Tax amounted to SEK -438 (+39) million. The effective tax rate was 22 (-5) percent. Tax was positively affected by 5 percentage points due to lower tax rates on positive earnings and higher tax rates on negative earnings in foreign subsidiaries.

Profit after tax and earnings per share

Profit after tax (attributable to the shareholders), excluding discontinued operations, amounted to SEK 1,560 (721) million or SEK 4.82 (2.23) per share.

Return on capital employed/equity

The return on capital employed before tax and return on equity after tax were 5 (2) percent and 5 (2) percent respectively.

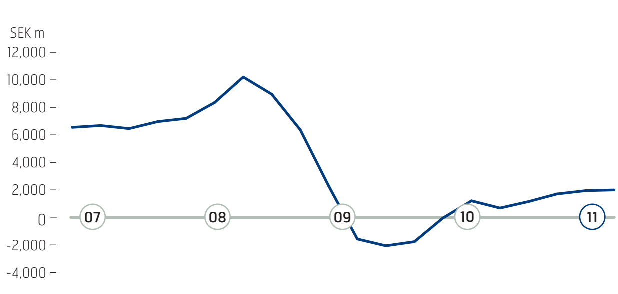
Test of impairment for goodwill

On November 30, the annual impairment test was carried out regarding the Group's goodwill. At the end of the year there remained goodwill of SEK 18, 911 (18,643) million, which almost entirely relates entirely to SSAB Americas. The result of the impairment test indicated no further impairment. For further information, see Note 6.

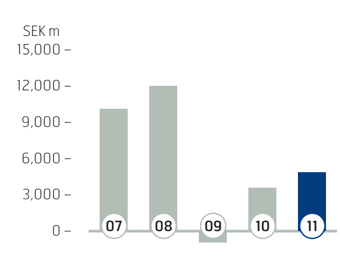
Changes in operating profit between 2011 and 2010

SEK millions	Change
Steel operations	
• Higher prices	5,550
• Higher volumes	910
• Higher variable production costs	- 5,150
• Exchange rate movements compared with 2010	500
• Sold emission rights	271
Tibnor	
• Volumes, changed mix and margins	-140
Higher fixed costs	-537
Other	-24
Change in operating profit	**1,380**

Profit after financial items



EBITDA



»HT Engineering Ltd (New Zealand) – Cab Protection on Excavator. Excavator operators must be protected from impact of the handled material, such as logs, boulders or heavy metal pieces. By innovative use of advanced high strength steel, HT Engineering has improved impact strength and visibility in the new design of a protection grid for the operator's cab. In addition both the weight and the risk of permanent grid deformation are significantly reduced. This was obtained by utilizing thinner sheet metal protection bars with adapted orientation.«

Investments and liquidity

The three major capital expenditure projects, will be completed during the first half of 2012, and will make possible a continued growth in niche products. Payments this year for the capital expenditure projects turned the cash flow negative.

Capital expenditures

During the year, decisions were made regarding new capital expenditures totaling SEK 1,065 (1,772) million, of which SEK 117 (753) million involved strategic capital expenditures. Capital expenditure payments amounted to SEK 3,111 (2,011) million, of which SEK 1,832 (1,170) million involved strategic capital expenditures and business acquisitions (including the minority stake in Tibnor) of SEK 492 (0) million. The major strategic capital expenditure projects, which are described in detail under each business area, will be completed during the first half of 2012.

Acquisition of minority stake in Tibnor

In May 2011, SSAB acquired Outokumpu's 15 percent minority stake in Tibnor, after which Tibnor became a wholly owned subsidiary. The purchase price was SEK 393 million.

Liquidity

The operating cash flow was SEK 2,821 (-172) million. Cash flow was positively affected by operating profit but negatively affected by an increase in accounts receivable. The net cash flow was SEK -817 (2,799) million. The net cash flow was affected by, among other things, payments for capital expenditures of SEK 3,111 (2,011) million (of which SEK 1,832 (1,170) million on strategic capital expenditure projects) and strategic business acquisitions (including the minority stake in Tibnor) of SEK 492 (0) million. Net debt was further affected by dividends, in total SEK 693 (339) million. During the year, net debt increased by SEK 886 million and, as of December 31, amounted to SEK 18,475 (17,589) million. The net debt/equity ratio was 60 (59) percent.

As shown in the table below, the Group's liquidity preparedness, excluding commercial paper, was equivalent to 26 (31) percent of the Group's sales. The target is that liquidity preparedness shall at all times be equivalent to at least 10 percent of sales.

The Group's liquidity preparedness

SEK millions	2011, Dec 31	2010, Dec 31
Cash and cash equivalents	1,648	1,314
Committed credit facilities	11,693	12,205
Liquidity preparedness	**13,341**	**13,519**
• as a percentage of annual sales (rolling 12 months)	30	34
Less commercial paper	-1,922	-1,334
Liquidity preparedness excluding commercial paper	**11,419**	**12,185**
• as percentage of annual sales (rolling 12 months)	26	31

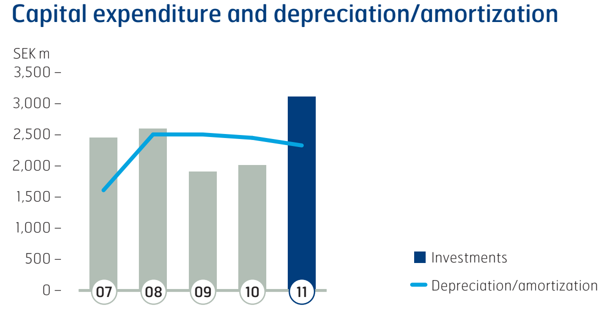
Operating cash flow/ change in net debt

SEK millions	2011	2010
SSAB EMEA	1,261	-1,736
SSAB Americas	1,296	1,460
SSAB APAC	24	162
Tibnor	356	42
Other	-116	-101
Operating cash flow	**2,821**	**-173**
Financial items	-481	-392
Taxes	-140	-166
Cash flow from business operations	**2,200**	**-731**
Strategic capital expenditures	-1,832	-1,170
Acquisitions of businesses and operations	-99	0
Divestments of businesses and operations [1]	0	-559
Cash flow before dividend and financing	**269**	**-2,460**
Dividend to the Parent Company's shareholders	-648	-324
Dividend to non-controlling interests	-45	-15
Acquisition of non-controlling interest [2]	-393	-
Net cash flow	**-817**	**-2,799**
Net debt at beginning of period	-17,589	-15,315
Net cash flow	-817	-2,799
Revaluation of liabilities against equity [3]	-155	599
Currency effects [4]	86	-74
Net debt at end of period	**-18,475**	**-17,589**

2010 has been adjusted as a consequence of changed accounting principles. See note 28.

[1] For 2010 includes payment of SEK 591 million to the purchaser of the tubular operations under warranty undertakings regarding tax.
[2] The minority stake in Tibnor was acquired in May 2011.
[3] Revaluation of hedging of currency risks in foreign operations.
[4] Mainly consisting of cash flow effects on derivative instruments and revaluation of other financial liabilities in foreign currency.

Capital expenditure and depreciation/amortization



Financial position

The term to maturity on the Group's total loan portfolio, SEK 20,547 (19,763) million, averaged at year-end to 5.1 years. The equity increased during the year, and at year-end amounted to SEK 94.98 (92.08) per share.

Financing

During the year, an agreement was signed regarding additional financing for the investment in the new quenching line in Mobile, Alabama. The new financing is for USD 58 million and extends for 20 years. The total financing for this project amounts to USD 217 million. Last year, financing was reported as a short-term debt, but in 2011 was reclassified as a long-term debt following the extension of the term of the counter-guarantee which secures the financing.

As of December 31, the term to maturity on the total loan portfolio averaged 5.1 (3.3) years, with an average fixed interest period of 1.1 (0.7) years. Of the loan portfolio of SEK20,547 (19,763) million, short-term commercial paper (including over night loans) accounted for SEK 1,922 (1,734) million and long-term financing accounted for SEK18,625 (18,029) million, with an average term to majority of 5.6 (3.6) years.

Equity

Following the addition of profit for the year of SEK 1,560 million attributable to the Company's shareholders and other comprehensive income of SEK 274 million (primarily comprising translation differences), and after deduction of a dividend of SEK 648 million and acquisition of the minority stake in Tibnor, the shareholders' equity in the Company amounted to SEK 30,768 (29,829) million, equal to SEK 94.98 (92.08) per share.

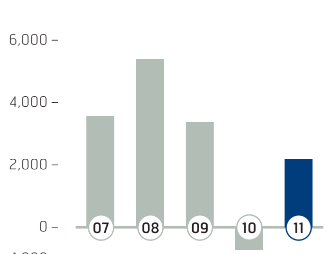
The targets for profitability and the net debt/equity ratio are presented on page 10.

Dividend

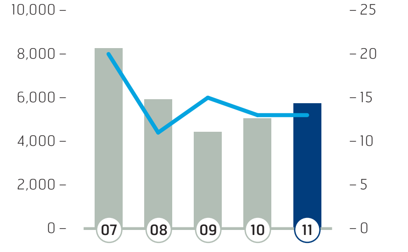
The Board proposes that the Annual General Meeting issue a dividend of SEK 2.00 (2.00) per share, equal to 648 (648) million.

For considerations relating to the proposed allocation of profit, see Note 31.

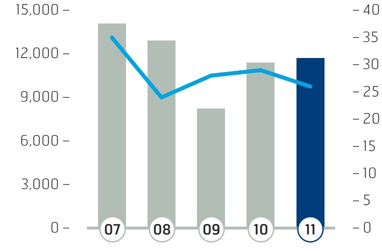
Cash flow from business operations



Accounts receivable



Inventories



SSAB EMEA

SSAB EMEA, which is a world leading producer of quenched steels, strengthened its position in 2012 by investing in a quenching line in Borlänge. The line will be brought into commission during the first quarter of 2012. Quenched steel capacity will thereby increase and the product range expanded to include also thinner steels than previously. SSAB EMEA is also one of the leading companies in Europe within advanced high strength steels and the largest manufacturer of strip products in the Nordic region.

Europe

Demand for niche products increased in pace with the economic recovery in the Nordic countries, while demand for standard steels did not increase to the same extent. During the first half of the year, the increase in demand in the rest of Western Europe exceeded expectations; however, demand weakened during the second half of the year due to the uncertainty unleashed by the sovereign debt crisis. Within material handling, the mining industry remained strong and sales of steel for mining equipment, mining-related machinery and the aftermarket developed well. The use of advanced high strength steels within automotive continued to increase. Heavy transport and lifting within construction machinery are other sectors that performed strongly during the year. These sectors are highly dependent on exports to third countries, i.e. are dependent on demand from outside Europe. Within the building industry, demand and prices have not recovered to the levels that prevailed prior to the last financial crisis.

In Eastern Europe, Russia and Poland in particular demonstrated strong growth. SSAB EMEA took over Tibnor's operations in Poland. Poland is SSAB EMEA's distribution center for the East European market. In 2012, focus will continue on achieving an increase in further processing.

In Southern Europe, the sovereign debt crisis impacted on demand, but it was possible to partially mitigate the effect on SSAB EMEA's sales thanks to the Company's further processing services and sales of niche products.

Middle East/Africa

Despite the fact that several countries in the region are characterized by political instability, certain sub-markets performed well during the year. In Saudi Arabia, the establishment of further processing services has begun. In Turkey, growth remained strong during the first half of the year, driven by both strong domestic demand and export industry. Exchange rate movements during the second half of the year had a negative impact on both Turkish exports and the domestic market.

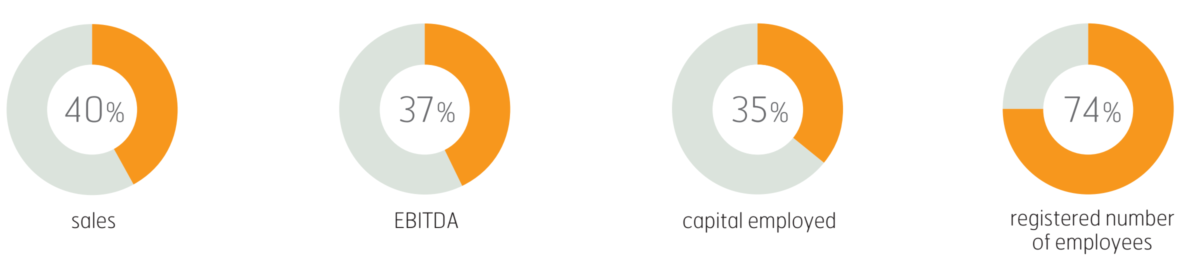
In southern Africa, growth was driven by a continued strong mining industry. Volumes, the number of customers, and the number of applications increased. The durability which is demanded of machinery in the mining industry makes the Hardox wear steel extremely suitable, and sales of components made of Hardox are increasing.

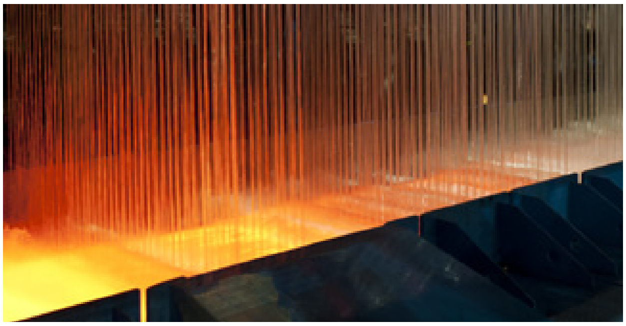
» Through the strategically important investment in Borlänge, SSAB EMEA is strengthening its position as a world leading producer of quenched steels. «

Melker Jernberg, Head of Business Area SSAB EMEA (Europe, Middle East, Africa)

43% Niche products' share of business area's shipments

Share of the Group's





▲ The new quenching line in Borlänge.

SEK millions	2011	2010
Sales	23,768	21,428
Profit before depreciation and amortization	1,800	1,493
Operating profit	649	373
Operating margin (%)	3	2
Operating cash flow	1,261	-1,736
Capital expenditures	1,837	1,326
Capital employed at year-end	17,969	18,052
Return on capital employed (%) [1]	4	3
Number of employees at year-end	6,742	6,569

[1] Refers to return on average capital employed.

Plannja

Plannja is a wholly owned subsidiary which is operationally included in SSAB EMEA. Sales are focused on the building trade, the sheet metal trade, and construction projects. The product range comprises complete ranges for flat and profiled construction steel, sheet roofing tiles and rainwater goods, as well as sandwich-type wall elements.

Despite limited demand and increasing competition, Plannja succeeded in increased its sales to SEK 1,311 (1,261) million, and profit after financial items was SEK -8 (-66) million. In 2011, sales were focused on the Nordic countries, Poland and France, and consequently there were slightly fewer employees at the end of the year, 460 (475).

Capital expenditures

The investment continued in a direct quenching line for the production of quenched steels in Borlänge. The line was installed on schedule during the summer and is expected to be brought into commercial production during the first quarter of 2012. Through the investment, the Group's quenched steel production capacity will increase, and it will also result in increased manufacturing flexibility and an expanded product range. Investments were also carried out in Oxelösund in order to allow for the production of thick plate. One of the blast furnaces in Oxelösund underwent a relining during an extended summer outage. In addition to these capital expenditure projects, regular small investments were made within the scope of maintenance, the environment, health and safety. In total, capital expenditures during the year amounted to SEK 1,837 (1,326) million, of which SEK 750 (694) million involved strategic capital expenditure projects.

Production and shipments

2011 was characterized by uncertainty as to what constituted underlying demand and what constituted changes in inventory levels. Production of crude steel and steel during the first half of 2011 was up compared with the same period in 2010. In order to adapt production to the restraint in demand after the summer, production was not resumed at one of the blast furnaces in Oxelösund after the summer outage. For the same reason, production of strip products was also curtailed somewhat towards the end of the year. Consequently, inventories were kept at acceptable levels. In 2011, niche products increased to 43 (36) percent of total shipments, and comprised 330 (269) thousand tonnes of quenched steels and 524 (464) thousand tonnes of advanced high strength steels.

Competitors

SSAB EMEA's competitors include ArcelorMittal, Dillinger, Rautaruukki, Salzgitter, ThyssenKrupp and VoestAlpine.

Demand per customer and region 2011

Automotive	↗	The Nordic region	↗
Construction machinery (incl. lifting)	↗	Other Western Europe	↗
Material handling (incl. mining)	↗	Central/Eastern Europe	↗
Heavy transport	↗	Middle East	→
Building	↘	Africa	↗
Protection & tooling	↗		

Shipments and production

thousand tonnes		2011	2010	%
Shipments	Quenched steels	330	269	+23
	AHSS [1]	524	464	+13
	Standard steel	1,146	1,301	-12
Production	Crude steel	3,253	3,418	-5
	Steel	2,617	2,720	-4

[1] Advanced High Strength Steels.

SSAB Americas

In 2011, SSAB Americas – a leading supplier of heavy plate in North and Latin America – took important strategic steps towards increasing the position within high strength steels. It was done through the investment in a new quenching line for future production of quenched steels. During the year production of Hardox steels was started in Mobile. The share of niche products within the region increased to 26 percent.

North America

The beginning of the year saw improved demand in most customer segments in North America and SSAB US based steel mills operated at full capacity. Demand reduced somewhat during the second half of the year, but production volumes for SSAB facilities remained solid throughout the year.

Within the North American and Latin American automotive industries, demand for components based on high strength steels increased. Improved automotive demand in the first half of 2011, softened during the summer but increased again during the fourth quarter. Demand for high strength steels to the automotive industry is expected to continue to grow.

The mining industry continued to exhibit healthy growth. Major mining companies have announced significant future investments for continued growth. These investments include significant projects in the western regions of Canada and the US. Growth within the mining industry contributed to an increase in demand for heavy transportation, which reversed an earlier downward trend. Agricultural products also showed positive growth.

Steel sales to the energy sector increased during the year. Demand for steel from manufacturers of wind towers increased, aided somewhat by tax credits for wind power production in both the US and Canada. The oil and gas sector continues to see increased growth coming largely from exploration of natural gas found in shale formations in north-eastern US and western Texas, as well as a number of land-based pipeline projects.

On an annual basis, demand within the lifting market segment remained relatively unchanged. Following a weak start of 2011 there were some signs of recovery in the second half.

The North American construction industry showed a weak development and demand for steel declined within both the residential construction and commercial construction sectors. Sales to Steel Service Centers constitute an important distribution channel in both the US and Canada. Following a strong first half of the year, Service Centers reduced steel purchases in anticipation of lower steel prices. This activity was driven by increased import availability and lower raw material prices in both scrap and iron ore.

Latin America

Demand in Latin America showed stable growth during the year, particularly in Brazil, Chile and Peru. This was despite periods in

» The nominations of two of the finalists in Swedish Steel Prize 2011 are proof of SSAB America's strong expertise within high strength steels. «

Charles Schmitt, Head of Business Area SSAB Americas (North and Latin America)

26% Niche products' share of business area's shipments

Share of the Group's

sales | EBITDA | capital employed | registered number of employees

▲ The new quenching line in Mobile.

SEK millions	2011	2010
Sales	17,099	14,581
Profit before depreciation and amortization	2,495	1,572
Operating profit [1]	2,109	1,169
Operating margin (%)	12	8
Operating cash flow	1,296	1,461
Capital expenditures	1,206	576
Capital employed at year-end	31,090	30,047
Return on capital employed (%) [2]	27	16
Number of employees at year-end	1,338	1,221

1) Excluding depreciation and amortization on surplus values on intangible and tangible assets.
2) Refers to return on average capital employed excluding surplus values. Including surplus values the returns are 4 (1) percent.

which market prices were under pressure due to increased availability of lower priced imported steels.

As in North America, the mining industry in Mexico, Brazil, Peru, Chile and Colombia continued to expand, and with it demand for high strength steels increased. Improved demand continued in the agricultural sector, with a major driver being the sugar cane industry in Brazil.

Sales to the building sector increased in Latin America. Demand was strongest for infrastructure projects, with Brazil in particular investing in major projects in connection with Olympic Games and the planned FIFA World Cup.

Demand for SSAB America's steel in South America was influenced by trade and import policies meant to support local producers. As an example, a new law was enacted in Brazil which is meant to secure a higher market share of domestic steel in the automotive sector.

Capital expenditures

The new quenching line which is under construction in Mobile is expected to go through commissioning and be brought on-line in the first half of 2012. The Mobile facility will then have capacity for approximately 300 thousand tonnes.

During the year other investments in Mobile also supplemented manufacturing capability for Hardox products. Apart from US based production of Hardox, cooperation also increased with our external network of suppliers of Hardox Wear Parts and components. For 2012, SSAB Americas is also planning to produce Weldox out of the US facilities.

Investments are continuing to expand the range of after-market treatment services and, in addition to internal expansion, during the year SSAB Americas acquired a privately-owned company with some 50 employees in Alabama, which supplies chrome carbide overlay products, particularly for mining equipment.

Total capital expenditures during the year amounted to SEK 1,206 (576) million, of which SEK 1,048 (418) million involved strategic capital expenditures.

Production and shipments

Despite increased overall demand for SSAB's steels, production in 2011 was at approximately the same level as in 2010, due to two planned and extensive maintenance outages in March–April and September–October.

In 2011, niche products accounted for 26 (24) percent of total shipments, corresponding to 196 (178) thousand tonnes of quenched steels and 449 (384) thousand tonnes of advanced high strength steels.

Competitors

SSAB's competitors in the US are primarily Nucor, AcelorMittal and Evraz and in Canada mainly Essar Steel. In Latin America, competitors are currently comprised by the local producers such as Usiminas and imported product from suppliers such as JFE, Rautaruukki and ThyssenKrupp.

Demand per customer and region 2011

Automotive	↗	USA	↗
Construction machinery (incl. lifting)	→	Canada	↗
Material handling (incl. mining)	↗	Central Amerika	↗
Heavy transport	→	South America	↗
Building	↗ [1] ↘ [2]		
Energy	↗		
Protection & tooling	↗		

1) Latin America 2) North America

Shipments and production

thousand tonnes		2011	2010	%
Shipments	Quenched steels	196	178	+10
	AHSS [1]	449	384	+17
	Standard steel	1,797	1,794	+0
Production	Crude steel	2,418	2,334	+4
	Steel	2 ,271	2,209	+3

1) Advanced High Strength Steels

SSAB APAC

During the year, work continued on construction of a finishing line and a R&D center in Kunshan. These projects will enhance the possibility to actively develop solutions and applications in high strength steels together with customers in the markets in Asia and Australia. In 2011, SSAB APAC's sales increased by 21 percent and the organization grew. Through the capital expenditure projects which are under completion, SSAB APAC will possess a solid platform for continued expansion of the operations.

Asia, Australia, New Zealand

In 2011, SSAB APAC's markets demonstrated strong demand throughout the region, especially during the first half of the year. Demand weakened somewhat during the second half of the year, most notably in Japan, Korea and in the construction industry in China. Demand from the mining industry remained strong throughout the year, particularly in Australia, China and Indonesia.

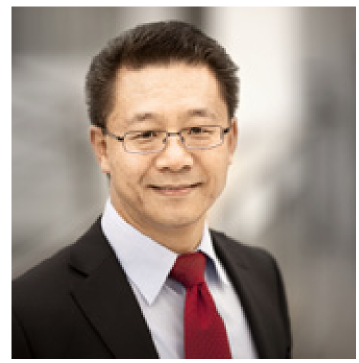
The Chinese market continues to be the most important driving force in the region. The setback during the second half of the year was mainly due to efforts by governmental authorities to control inflation, and due to the major train accident which resulted in the postponement of several infrastructure projects. Most of SSAB APAC's customers were affected by the setback; these include manufacturers of construction machinery and mobile cranes. Despite China's dampened growth, major OEM manufacturers anticipate continued expansion in the country. China accounted for 60 percent of SSAB APAC's sales in 2011.

China, which is the world's largest market for the registration and production of passenger cars, was relatively unaffected by the impact on the automotive industry of the debt crisis in Europe and the US. Korea's automotive industry was affected to a greater extent by the global slowdown.

Japan began the year positively, but the trend was disrupted by the severe earthquake and the ensuing nuclear power accident, and demand during the rest of the year was weak in all customer sectors. Dumper manufacturers represent the most important Japanese customer sector; however, recycling and scrap processing constitute a sector which is expected to grow in the future.

Demand in Australia was strong throughout the year, largely due to the continued expansion of the mining industry, where dumpers and buckets made of high strength steels have major advantages. In Indonesia, too, demand was strong from the mining industry. Indonesia is still a relatively small market for SSAB APAC, but the past few years of strong growth are making it an increasingly important market.

Demand from India did not meet the expectations for 2011. The market is extremely competitive, but at the same time underdeveloped as regards applications

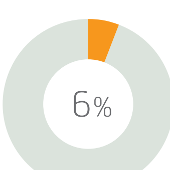


» As of 2012, the plate center in Kunshan will be able to finish and customize semifinished quenched and advanced high strength steels from Sweden and the US. «

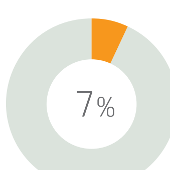
Martin Pei, Head of Business Area SSAB APAC (Asia, Australia, New Zealand)

98% Niche products' share of business area's shipments

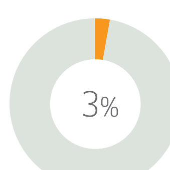
Share of the Group's



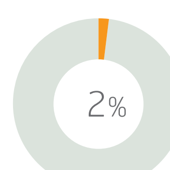
sales



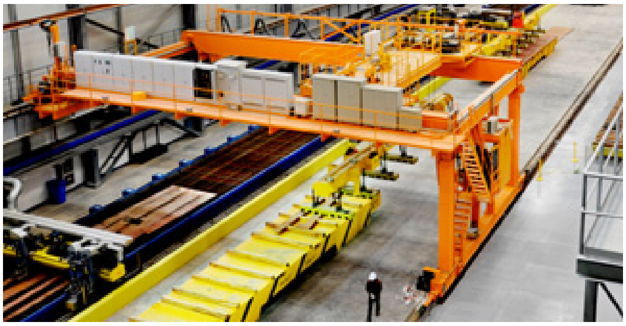
EBITDA



capital employed



registered number of employees



▲ The finishing line in Kunshan.

SEK millions	2011	2010
Sales	2,811	2,326
Profit before depreciation and amortization	329	238
Operating profit	324	232
Operating margin (%)	12	10
Operating cash flow	24	162
Capital expenditures	166	60
Capital employed at year-end	1,385	777
Return on capital employed (%) [1]	29	33
Number of employees at year-end	171	104

[1] Refers to return on average capital employed.

made of high strength steels. In 2012, SSAB APAC plans to commence warehousing of finished products in the country in order to become closer to the customers and to shorten delivery times.

Capital expenditures

During the year, extensive investment work took place on a finishing line which will be brought into production during the first quarter of 2012. Initially, steel will be delivered from Oxelösund for cutting to size, blasting and painting, and steel will also be delivered from Mobile.

The construction of the R&D center in Kunshan is continuing and, at the end of the year, the center had 5 employees. The expansion will continue in 2012, with more employees and a larger scale laboratory. At present, the development work is supplemented with the help of the R&D center in Sweden and contributing work by external partners. Capital expenditures during the year totaled SEK 166 (60) million, of which SEK164 (58) million involved strategic capital expenditure projects.

Shipments

SSAB APAC has no production of crude steel or rolled steel in the region. As from 2012, the plate center in Kunshan will be able to finish and customize semi-finished quenched or advanced high strength steels from Sweden and the US.

SSAB APAC focuses exclusively on niche products. In 2011, niche products increased to 98 (87) percent of total deliveries, and comprised 130 (100) thousand tonnes of quenched steels and 84 (89) thousand tonnes of advanced high strength steels. It is estimated that the increase in shipments of quenched steels entails a larger market share, whereas the market share within advanced high strength steels has decreased somewhat, mainly due to increased domestic competition.

Competitors

SSAB's competitors within APAC include both local and European producers. Local steel producers include the Japanese companies JFE and NSC, the South Korean company Posco, and the Chinese companies Baosteel, Hebei and Wuhan, as well as the Australian company Bisalloy. European competitors include Dillinger, Rautaruukki and ThyssenKrupp.

Demand per customer and region 2011

Automotive	↗	China	↗
Construction machinery (incl. lifting) [1]	↗	Korea	→
Material handling (incl. mining)	↗	Japan	↘
Heavy transport	↗	Indonesia	↗
Energy	→	India	↗
Protection & tooling	↗	Australia	↗
		Singapore	→

[1] Lifting in China was strong during the first six months of the year, and then slowed down.

Shipments

thousand tonnes		2011	2010	%
Shipments	Quenched steels	130	100	+30
	AHSS [1]	84	89	-6
	Standard steel	5	27	-81

[1] Advanced High Strength Steels

Tibnor

Tibnor, which is Sweden's leading steel distributor, became a wholly owned subsidiary of SSAB in 2011, following the acquisition of Outokumpu's minority stake. Tibnor is a leading distributor in the Nordic region and an important sales channel for SSAB's Swedish mills with warehousing, processing and direct sales.

Steel and non-ferrous metals distributor

Tibnor has a leading position within the steel and non-ferrous metals trade in the Nordic region. In addition to being the market leading distributor in Sweden, it operates also in Norway, Denmark and Finland. In Norway, Tibnor operates not only under its own management but also through two half-owned affiliates. In 2011, 77 (74) percent of Tibnor's sales involved deliveries to Sweden. During the year, SSAB EMEA took over Tibnor's Polish operations.

Steel is supplied to the Swedish market through steel distributors or directly from Swedish and foreign steel producers. Approximately 45 percent of deliveries of strip products and plate in Sweden take place through distributors; for long products, the corresponding figure is 65 percent. Tibnor accounts for over one-third of the distributors' share in Sweden.

Tibnor has over 7,000 customers; the most important customer sectors are companies in the automotive, engineering and building industries. A significant percentage of Tibnor's customers in the automotive and engineering industries are suppliers to Swedish export industry.

Warehousing, processing and direct sales

Tibnor's traditional core business lies in the areas of commercial steels and stainless steels, where Tibnor offers a complete range of strip and plate products, long products and engineering steels. In addition, the business operations include sales of non-ferrous metals and building-related steel products. Strip products and plate constitute the largest product group, and in 2011 accounted for 42 (42) percent of Tibnor's sales. During the year, engineering steels and stainless steels recorded the biggest increase, mainly due to increased shipments to the automotive industry and energy sector. Reinforcement products also increased, to a large extent due to a large number of major construction projects around Sweden.

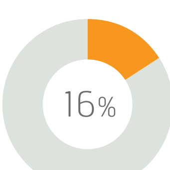
As a supplement to steel and non-ferrous products, Tibnor also offers a wide range of services so that the products can be delivered pre-treated for use directly in the customer's production. Tibnor possesses resources for processing of materials, such as slitting and cutting to length of strip steel, as well as its own production centers for processing other materials in the form of cutting in lengths, shot blasting, primer coating and figure cutting. In 2011, Tibnor

» The year opened with strong demand characterized by anticipated price increases, which subsequently led to moderate growth on an annual basis and higher inventory levels among distributors during the second half of the year. «

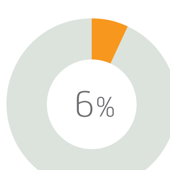
Mikael Nyquist, President Tibnor

7,000 customers

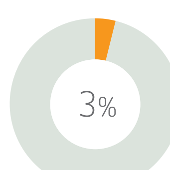
Share of the Group's



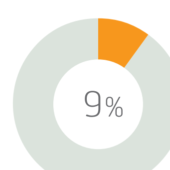
sales



EBITDA



capital employed



registered number of employees

▲ Grinding of stainless steel cylinder holders.

SEK millions	2011	2010
Sales	7,244	6,696
Profit before depreciation and amortization	298	470
Operating profit	254	421
Operating margin (%)	4	6
Operating cash flow	356	42
Capital expenditures	32	47
Capital employed at year-end	1,713	1,913
Return on capital employed (%) [1]	14	22
Number of employees at year-end	798	838

[1] Refers to return on average capital employed.

continued to develop its own production services, but it also offers production resources through a network of partners in different areas of expertise. In combination with sales, warehouse and distribution functions that are cost-efficient and strong in terms of resources, Tibnor is able to constitute the first stage in the customer's own production. In 2011, sales of processed steels and non-ferrous metals accounted for 30 percent of Tibnor's total sales. Direct sales accounted for 25 percent and sales from own stock accounted for 45 percent.

Within the non-ferrous metals area, specialization has taken place towards trading in non-ferrous metals for industrial use. As a distributor of aluminum, copper and brass, Tibnor is one of the largest players, not just in Sweden but also in Finland and Denmark. In 2011, sales of non-ferrous metals declined somewhat, primarily sales of copper and brass.

Market

In total, shipments in 2011 increased by 3 (30) percent. The largest increase in sales in 2011, compared with the preceding year, took place within the automotive industry, followed by the building and engineering sectors.

The year opened with strong growth in all customer sectors, driven by strong underlying demand and inventory buildup in anticipation of price increases during the second quarter. Prices rose in accordance with expectations, leading to a halt in growth during the second quarter; however, volumes recovered during the third quarter, albeit with single digit growth. The third quarter was, as normal, characterized by a seasonal weakening. During the fourth quarter, great uncertainty was discernible among customers due to the financial turbulence in Europe. Prices of standard products fell and end customers reduced their inventories.

Norsk Stål and Norsk Stål Tynnplater

Tibnor owns 50 percent of the shares in Norsk Stål and Norsk Stål Tynnplater. The remaining 50 percent stakes are owned by Tata Steel Europe.

Norsk Stål is Norway's largest steel distributor. Sales for the year increased to SEK 2,378 (2,053) million, and Tibnor's share of earnings decreased to SEK 20 (28) million. There were 266 (263) employees.

Norsk Stål Tynnplater is Norway's largest Steel Service Center. Sales for the year increased to SEK 649 (571) million and Tibnor's share of earnings decreased to SEK 3 (9) million. There were 49 (46) employees.

Competitors

Competitors include BE Group and Rautaruukki, as well as a number of companies (independent or owned by foreign producers) with a narrow product focus and other Steel Service Centers.

Demand per customer and region 2011

Automotive	↗	Sweden	↗
Engineering	↗	Norway	↗
Construction	↗	Denmark	↗
Other	→	Finland	↗
(Processing industry, Retail and Consumer goods)		Other	↘

Sales by product area

SEK millions	2011	2010
Strip and plate	3,008	2,787
Long products	1,264	1,218
Engineering steels	1,130	986
Non-ferrous metals	729	723
Stainless steel	735	649
Reinforcement products	366	319
Other	12	14
Total	**7,244**	**6,696**

Short-term prospects

The ongoing capital expenditure projects will be completed during the first half of 2012, which will significantly lower the capital expenditure levels in 2012. Especially in Europe, the market situation remains uncertain and production will regularly be adjusted to the demand.

SSAB has strengthened its positions within quenched steels through investments in new product lines which will increase quenched steel capacity by 500,000 tonnes. These capital expenditure projects will be completed during the first half of 2012. This will impact on SSAB's capital expenditure levels in 2012, which will be significantly lower than in 2011.

Signs of a recovery are discernible in the US. In Europe, though, the situation remains uncertain due to the sovereign debt crises. Following the inventory downsizing of the fourth quarter, it is possible that a degree of inventory restocking will take place during the first part of 2012. Demand in Asia is expected to remain stable.

Production will be regularly adjusted to prevailing demand and, at present, one of SSAB's three blast furnaces is idled. Production at the North American plants is expected to remain on a normal level. A new agreement which has been signed regarding the price of iron ore for deliveries during the first quarter of 2012 entails a reduction of 12 percent in USD compared with the price in the fourth quarter of 2011. The new price will not impact on earnings until the second quarter.

Spot prices for coal fell by approximately 5 percent in January 2012, while spot prices for scrap metal in North America increased by approximately 12 percent between the middle of November to the end of January, after which they once again fell back with 6 percent in the beginning of February.

In North America, SSAB's plate prices are expected to increase somewhat compared with the previous quarter, due to the announced price increases for which contracts have not yet been signed. In other parts of the world, the trend of falling prices during the fourth quarter will have a negative impact on contracted price agreements for the first quarter, compared with the fourth quarter of 2011.

Events since the end of 2011

In order to strengthen profitability in SSAB EMEA, an efficiency enhancement program is now being initiated for the business area. The most important elements include a review of the structure, including among other things divestitures of non-core assets, increased cost flexibility through a higher proportion of costs being made dependent on capacity utilization, and a general review of costs. The measures will involve a reduction of approximately 10 percent in the number of white collar employees in Sweden. The program is expected to be fully implemented in 2013 and, as from 2014, is estimated to result in an annual reduction of approximately SEK 800 million in the cost base, of which SEK 500 million constitutes a permanent structural cost reduction and a further SEK 300 million conversion from fixed cost to variable cost. The program will provide SSAB EMEA with a more flexible production system, and will have a payback time of less than a year.

Report of the Directors

SSAB AB (publ)
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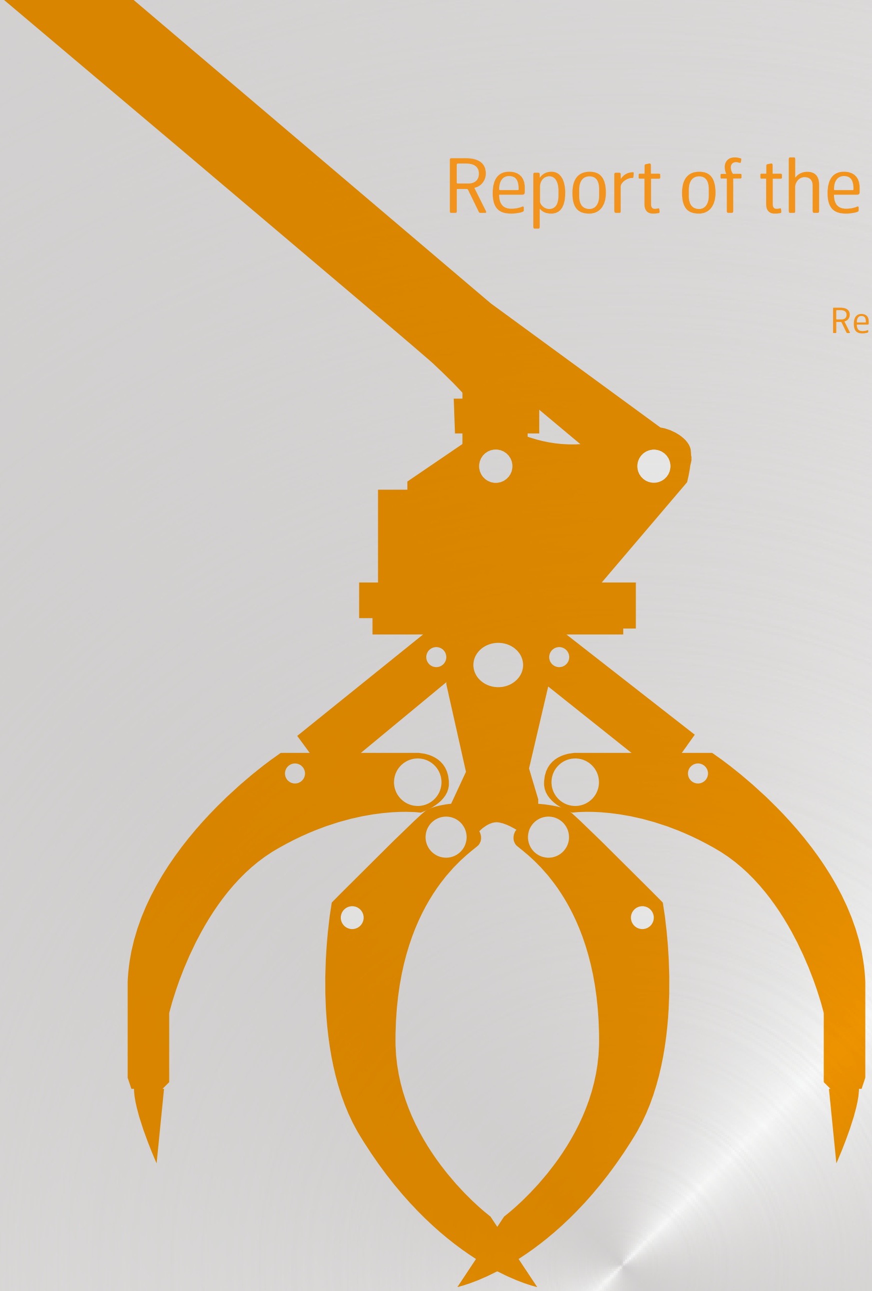


Responsibility and governance

The steel industry plays a key role in the development of society, and the developmental needs in emerging economies constitute an important driving force for SSAB. SSAB's high strength steels possess several advantages for sustainable growth, where the same objectives must be achieved using fewer resources. At the same time, steel production is energy-intensive, risk-filled and dependent on natural resources, and consequently is subject to stringent environmental and safety requirements. One of the major challenges facing the steel industry is to ensure the supply of a skilled workforce in the future.

Organization and governance

SSAB has adopted an environmental and sustainability policy. It establishes the most important ambitions as regards SSAB's sustainability work and covers the most important environmental and social aspects for a sustainable development of SSAB's business. The coordination of sustainability work was strengthened during the year.

Coordination of sustainability work

In 2011, a new position was established with the task of further improving work within various sustainability areas. The aim is primarily to coordinate and develop sustainability issues within the Group as regards the social and business ethics area. For a number of years, the Group has had a joint organization, the Environmental Council, which addresses the coordination of issues concerning the external environment. The Environmental Council includes representatives from all business areas. During 2011, local environmental councils were also initiated. During the year, The Environmental Council's work has primarily addressed energy and climate issues and the way in which they are to be coordinated between different functions.

Environmental and Sustainability policy

SSAB has adopted an Environmental and Sustainability policy to support the organization in its day-to-day work. The policy lays down the most important goals as regards SSAB's sustainability work and covers the environmental and social aspects that are most important for a sustainable development of SSAB's business. The policy entails, in brief, the following:

- SSAB shall continue to develop products and services in cooperation with its customers in order to actively contribute to an environmentally sound and profitable business;
- SSAB places great importance on the efficient use of raw materials and energy, and minimizing waste;
- SSAB shows respect for employees and provides a safe and fulfilling work environment;
- Transparency and openness are sought after.

Code of Business Ethics provides guidance

SSAB's Code of Business Ethics provides guidelines on how SSAB acts vis-à-vis stakeholders and in its behavior on the market. The Code takes precedence over all other policies on a business area or subsidiary level and, in certain cases, may be more far-reaching than statutes and regulations. The Code provides guidance as regards:

- Employee health and safety
- Diversity and internationally recognized labor law guidelines
- Business ethics and integrity
- Human rights
- Stakeholder and community relations
- The environment
- Communication.

SSAB has issued Special instructions to prevent the Giving and Acceptance of Bribes. Questions concerning diversity and equal opportunities are governed by a separate policy.

Risk control and governance

Environmental risks and working environment risks constitute a permanent feature of SSAB's internal risk controls and in conjunction with internal audits. Insurable risks within the scope of SSAB's property and liability insurance cover are analyzed annually together with insurance companies. Sound management of the risks associated with injury to individuals and damage to the environment and plants are absolute requirements for being able to obtain insurance.

Management systems and action plans ensure that the Group works systematically on crucial sustainability issues. Several different management systems and tools are used in order to manage the operations efficiently in accordance with SSAB's Environmental and Sustainability Policy, goals, and the Code of Business Ethics. The target-oriented environmental and climate work takes place primarily within the scope of the ISO 4001 environmental management standard and via local energy management systems.

The OHSAS 18001 standard for systematic health and safety work is gradually being implemented at all production plants.

A whistleblower system, which allows employees to report any irregularities and suspicions of criminal offences, has been in place since 2010 in order to identify business ethics risks. Business ethics education continued in 2011, focused primarily on sales employees.

Read more in SSAB's Sustainability Report on www.ssab.com.

Each year, SSAB publishes a separate sustainability report which reflects the most important aspects of SSAB's operations from a sustainability perspective. The GRI (Global Reporting Initiative) reporting standard is applied in the Sustainability Report, and SSAB believes that the Report is in compliance with level C. The Sustainability Report also constitutes SSAB's Communication on Progress reporting to Global Compact. The Sustainability Report is available in hardcopy in Swedish and English and is also available on www.ssab.com. In the event of any questions or comments, please contact SSAB via info@ssab.com.

Strategic environmental work

Steel manufacturing involves an extensive use of energy and resources and has a significant impact on the environment, both globally and locally. SSAB's environmental strategy is long-term in nature and is based on efficiency improvements and innovation in order to mitigate the environmental impact from production. Industry-wide cooperation is important in order to identify the solutions of tomorrow.

Most important environmental aspects

Steel manufacturing involves an extensive use of energy and resources and has a significant impact on the external environment. According to the International Energy Agency, IEA, the global steel industry accounts for four to five percent of global carbon dioxide emissions. In Sweden, SSAB's blast furnaces are included in the list of the largest sources of emission in the country. SSAB's steel works are among the most efficient in the world, but there is still room for further improvements. By end-2012, carbon dioxide emissions per tonne of steel produced under normal production conditions are to be reduced by 2 percent compared with the base year, 2008.

The impact on the local environment around SSAB's plants has decreased significantly over recent decades. Technical developments and increasingly stringent public agency requirements dictate constant improvements in the operations.

The most important environmental aspects for SSAB work are:

- Reduced emissions into the air of carbon dioxide, nitrogen oxides, sulfur oxides and dust;
- Reduced emissions into water of nitrogen and suspended substances;
- Efficient use of raw materials and energy in all stages;
- A reduction in the volume of process waste sent for deposition.

Environmental impact during the process

Two different processes are used in the production of SSAB's steels – ore-based in blast furnaces and scrap-based in electric arc furnaces. The processes have different conditions from an environmental and carbon footprint perspective. The impact on the environment can be mitigated by constantly improving and increasing the efficiency of the various stages of the steel production process. The work is also aimed at reducing waste by recycling byproducts in the processes or by identifying new areas of use as an alternative to landfill.

Steel production within SSAB EMEA is blast furnace-based. Hot metal is produced by smelting of iron ore, through coal and coke being added to the blast furnaces. The process gives rise to carbon dioxide.

The process has been continuously developed and improved to become extremely efficient, with waste energy being utilized in the form of district heating and for the production of electricity. International comparisons show that SSAB's blast furnaces are at the forefront as regards low carbon dioxide emissions per tonne of hot metal. There are several reasons for this: the use of high-grade raw materials in the form of iron ore pellets, high-quality coke, and efficient processes in which the blast furnaces produce without disruption. A large number of usable byproducts, such as heat, gas, slag and dust, are also produced in order to utilize as much material as possible.

SSAB America's steel production is based on electric arc furnaces in which scrap metal is smelted using electricity, and thus carbon dioxide emissions in North America are significantly lower than in the Swedish steel operations.

Waste and by-products

Thanks to the exact processes involved, steel production gives rise to valuable, quality byproducts. Through its subsidiary Merox AB, SSAB sells on the market byproducts from SSAB EMEA. Ongoing research projects are aimed at identifying new areas of use and conditions for converting additional material into relevant offerings to the market.

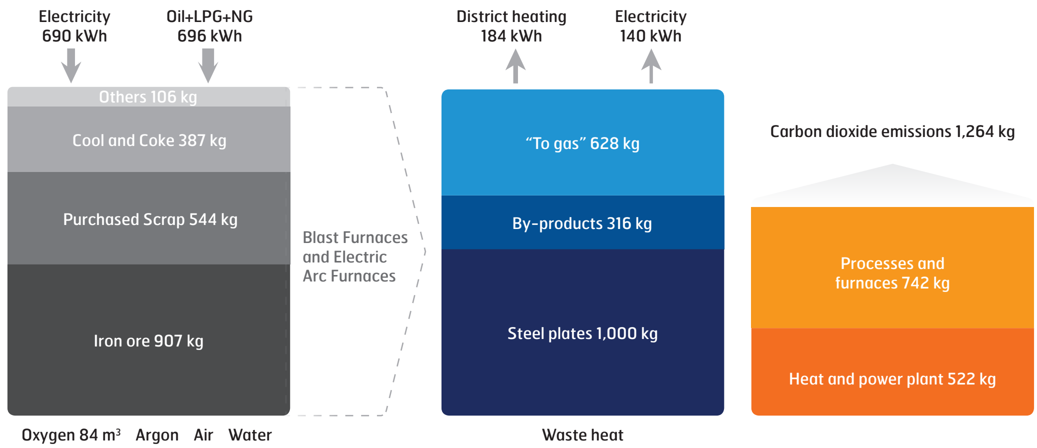
There are waste products from the production processes for which at present there is no environmentally or economically justified area of use, or which should be removed from the use cycle for environmental reasons. At SSAB, this waste largely consists of flue gas purification dust and steel slag which cannot be used due to its physical or chemical characteristics. The waste is either destroyed or placed in landfill. The management and monitoring of the Company's landfill sites are strictly regulated by governmental agencies. Waste must be handled in such a way that these resources, too, might be utilized in the future.

Transportation

Transportation takes place primarily by railway and ship, but also by truck. All of SSAB's business areas have their own logistics departments with the objective of making transportation efficient and economic. In Sweden, raw materials are transported to Luleå and Oxelösund by train or ship. Transportation of slabs between the production plants takes place by rail.

In Sweden, SSAB was again awarded Green Cargo's "Climate Certificate for Transportation" in 2011; this means that the transportation satisfied the criteria established by the Swedish Society for Nature Preservation with respect to Good Environmental Choice for Transportation.

Prior to the construction of SSAB's two electric steel plants in Montpelier and Mobile, the locations were chosen based on the potential market and access to the scrap metal raw material. This strategy minimizes the environmental impact from transportation since all plants have access to railways. In North America, the highly efficient inland waterway system is also used.



Materials and energy balance as well as carbon dioxide emissions from the production of one tonne of steel in the SSAB Group in 2011. The flows also include the heat and power plants in Luleå and Oxelösund, which primarily use residual gases from SSAB's operations.

Environmental work during the year

APPLICATION FOR NEW EMISSION RIGHTS

During the year, intensive work has taken place in connection with applications for free emission rights for the 2013–2020 trading period. One change compared with the preceding trading period is that available emission rights will be reduced year on year. Applications are being made in respect of Luleå, Oxelösund and Borlänge. A novel feature this year is that LuleKraft is also applying for free emission rights. LuleKraft operates a combined power and heat plant which is owned in equal shares by the SSAB Group and Luleå municipality. Energy is derived from process gases from SSAB's steel works in Luleå. The applications were submitted in September 2011 and decisions from the EU Commission are expected during 2012.

NEW CLIMATE REQUIREMENTS IN THE US

In 2010, the US Congress voted down a proposal for a carbon dioxide emission rights trading system. However, the US Environmental Protection Agency (EPA) is continuing to develop the framework. The first stage involves increased monitoring and reporting of existing emissions and, in the longer term, it can potentially result in increased energy costs for steel producers. Both Montpelier and Mobile have developed systems for compiling the emissions data requested by the EPA.

DEMONSTRATION PLANT FOR HALVED CARBON FOOTPRINT

Within the steel industry's research cooperation project, ULCOS, work began during the year on the construction of one of the demonstration plants at which the objective is to reduce carbon dioxide emissions by half. This will be achieved through the capture and storage of carbon dioxide from process gases. At the same time, remaining energy-rich gases will be returned to the blast furnace, which will thereby be able to reduce the use of coke by 25 percent. The plant will be operational during 2015. SSAB is also participating in the ULCOS project entitled HISARNA and is playing a key role in Swedish carbon storage projects, supported by, among other, the Swedish Energy Agency.

ENERGY RECYCLING IN FINSPÅNG

In Finspång, SSAB and the municipality have signed an agreement regarding the recycling of waste energy from the combustion of solvents from SSAB's plant. The recycled energy will be transferred to the municipal district heating network and Finspång will be able to reduce its carbon dioxide emissions by 4,000 tonnes per year.

MATERIAL EFFICIENCY AND REDUCED WASTE

During the year, measures have been taken to achieve improved utilization of raw materials and a reduction in the volume of waste sent to landfill sites. Through a research program supported by Mistra, methods are being studied for processing vanadium in slag. The vanadium content restricts the possibility to use the slag for various external purposes due to the fact that, in certain situations, it can have a negative impact on the environment. Vanadium is, however, a valuable alloy within steel manufacturing. In Luleå, trials have been initiated to enrich vanadium in a separate slag product, which can subsequently be sold for further extraction of the vanadium. In Oxelösund, a world-unique method has begun to be applied whereby 90 percent of the coal-rich dust separated from the blast furnace's gases is returned to the blast furnace. The need to purchase injection coal is thereby reduced and landfill area space is saved.

SSAB MEROX ESTABLISHES OPERATIONS IN LULEÅ

SSAB Merox AB has a long history within SSAB. As early as the 1970s, the first initiatives were taken to utilize waste products from steel production. During 2010, Merox was given an expanded mandate to coordinate activities throughout SSAB EMEA, and operations were established in Luleå in 2011.

The practical production operations are handled largely by contractors, but during the year focus has been placed on identifying logical interfaces and gradually transferring the operations to SSAB's own management. The motivation is to identify new external markets for SSAB's byproducts, and also to develop new methods for recycling material internally in SSAB's own processes.

REDUCED DUST AND NOISE

During the year, work began on expanding the capacity for capturing dust from the steel works in Montpelier. The project is expected to be completed in 2013 and will ensure the continuation of a good working environment at high production levels. In Oxelösund, SSAB is continuing to cooperate with the port and the municipality in order to reduce the occurrence of dust around the operations. In Oxelösund, measures have been taken to reduce noise levels around the plant. The most important measure was to equip the smoke stack at the power plant with a more efficient silencer.

Permit matters during the year

In November 2010, the Land and Environmental Court issued a permit to increase coke production from 0.8 to 1.1 million tonnes and the production of slabs from 2.5 to 3.0 million tonnes at the SSAB plant in Luleå. The new permit was utilized in February 2011.

A new 'Title V' permit has been obtained in respect of SSAB's plant in Mobile. The permit was issued by the US Environmental Protection Agency (EPA) and relates to emissions into the air. In addition, the new permit resolves many earlier problems relating to reporting routines. The permit is for five years.

The EPA is planning to introduce a new limit on mercury emissions from electric arc furnaces. In order to be able to determine the limit, nine companies with electric arc furnace operations in the US, of which SSAB was one, were instructed to compile data. The measurements, which were carried out in Mobile, were extensive. The requested information was submitted to the EPA in March.

Environmental permits for the operations

In Sweden, the Land and Environmental Court establishes conditions for SSAB's operations, a process which is affected by decisions taken within the EU as regards environmental legislation. In the US, the Federal Government and the EPA play a corresponding role. SSAB's operations are subject to environmental permits with hundreds of environmental conditions governing, among other things, production levels, emissions into the air and water, noise levels, and rules regarding landfill.

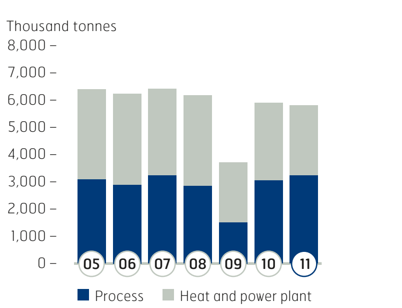
All production units comply with their respective local environmental requirements and the Group holds mandatory environmental damage insurance as well as liability insurance covering damage to third parties. The maximum permitted production levels for the Swedish operations are shown in the table below. In North America, production levels are determined in the form of maximum permitted hourly production volumes.

Read more in SSAB's Sustainability Report on www.ssab.com.

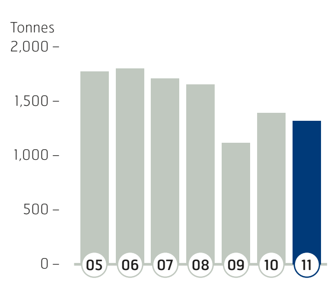
Thousand tonnes	Locality	Permitted production	Production 2011
Coke	Luleå	1,100	**727**
	Oxelösund	530	**424**
Hot metal	Luleå	– [1]	**2,121**
	Oxelösund	2,000	**1,119**
Crude steel	Luleå	3,000	**1,930**
	Oxelösund	1,900	**1,066**
Hot-rolled steel	Borlänge	3,200	**2,022**
	Oxelösund	820	**595**
Pickled steel	Borlänge	2,500	**1,350**
Cold-rolled steel	Borlänge	1,400	**896**
Annealed steel	Borlänge	650	**484**
Metal-coated steel	Borlänge	680	**390**
Organic-coated products	Borlänge	140	**84**
	Köping	30	**16**
	Finspång[2]	40	**23**

[1] Not relevant
[2] Unit million m^2

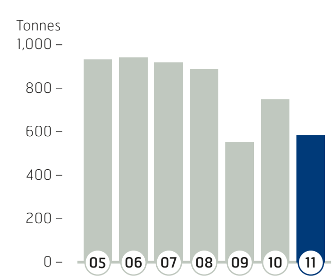
Carbon dioxide [1] [2]



Nitrogen oxide [1]



Dust [1]



[1] The report covers the Swedish operations at the plants in Oxelösund, Borlänge and Luleå. With respect to Luleå, emissions are also included from the half-owned LuleKraft, which bases its operations on SSAB's process gases. Transportation is not included.
[2] With respect to the Swedish plants, the emissions correspond to those reported within the EU's trading system.

Suppliers

The raw materials used in steel production are SSAB's strategically most important purchases. Purchasing takes place from several suppliers in different parts of the world. Important work is ongoing to coordinate purchasing processes and for the inclusion of principles regarding labor rights and human rights in contracts with suppliers.

Guidelines and governance

In 2010, SSAB adopted a procurement policy which governs all of SSAB's purchases. SSAB has signed up to the Global Compact and its principles are applied in the work with suppliers. SSAB's Code of Business Ethics reflects Global Compact principles and represents the most important control documents as regards work with suppliers. In contacts with suppliers, SSAB communicates its Code of Business Ethics and encourages the suppliers to comply with, and respect, the Code.

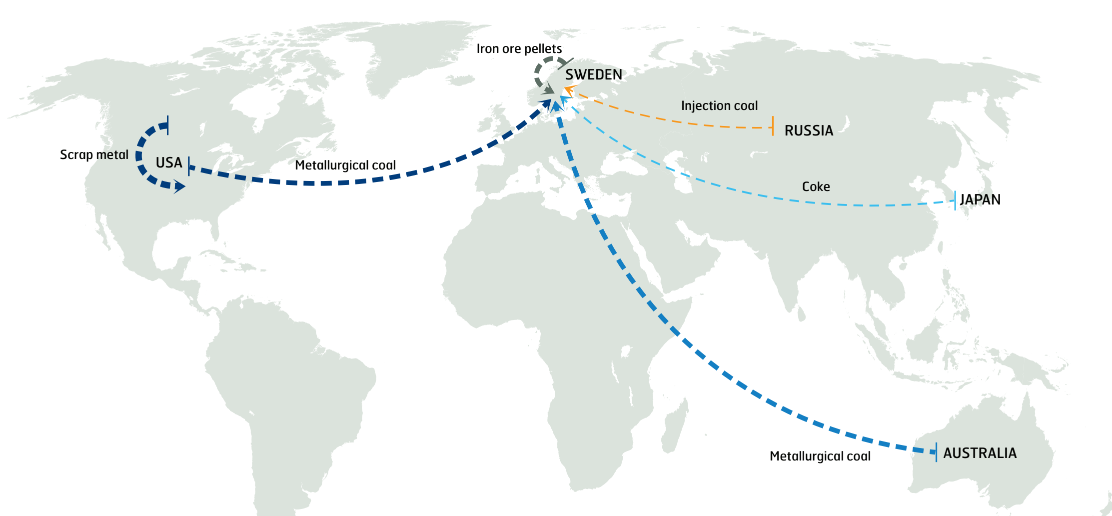
SSAB has developed Instructions to prevent the Giving and Acceptance of Bribes. The Instructions provide employees with clear information on how SSAB defines bribery and improper benefits, and how employees are expected to act in relation to suppliers, customers and other business partners.

Identification of supplier risks

Stringent quality requirements and long-term business relations provide the purchasing organization with good insight into circumstances at the suppliers. In 2011, work began on developing a joint purchasing system for the Group. With a joint purchasing system for the Group, improved conditions will be created for the continued work on monitoring suppliers.

Read more in SSAB's Sustainability Report on www.ssab.com

Sources of SSAB's raw materials



SSAB purchases iron ore pellets from a Swedish supplier, LKAB, while alloying agents are sourced from a number of different suppliers. Scrap metal is purchased locally in the US. Coke is purchased in Japan. Metallurgical coal is purchased from a smaller number of suppliers in Australia and the US, while injection coal is sourced from a specific mine in Russia.

Attractive knowledge-based company

In a knowledge-based company such as SSAB, the skill base of the workforce requires constant development. Ensuring the supply of a skilled workforce in the future represents a challenge which SSAB shares with the industry as a whole. SSAB is working proactively to continue to be regarded as an attractive employer and to promote the availability of necessary skills on the market. Exciting opportunities for development in a global and safe work environment are crucial factors for achieving this.

Sights set on high-performing organization

EMPLOYEE DEVELOPMENT

Each employee shall have an annual performance and planning review with his or her immediate supervisor. During 2011, 96 percent of employees had such reviews with their immediate supervisor. The percentage of held performance and planning reviews is an important key performance indicator for SSAB's work on being a high-performance organization. Employee surveys are carried out regularly as a support tool in the improvement work.

LONG-TERM SKILLS SUPPLY

SSAB is a knowledge-based company whose success depends on the skills of current and future employees.

SSAB's participation in the Tekniksprånget project in Sweden serves as an example of activities aimed at promoting a long-term supply of skilled employees. Some ten industrial companies are participating in Tekniksprånget, which was initiated by Industrivärden and Nordstjernan and is aimed at encouraging more young people to choose to train as engineers.

In order to develop and ensure management skills, SSAB also operates preparatory management programs for those candidates who are identified for promotion to managerial positions, as well as for new managers. SSAB also participates in a consortium program operated by IFL in Sweden which is aimed at providing for tailored manager training senior and second-tier managers.

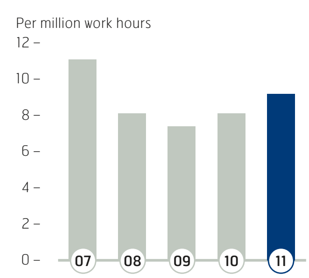
LEADERSHIP AND RENEWAL

SSAB conducts an annual manager survey. All managers in the Group are evaluated based, among other things, on SSAB's managerial criteria, and individual development programs are planned. One important aim of the manager survey is to ensure that there are suitable internal candidates for every managerial position, thereby facilitating exchanges of experience and skills development within the Group.

An important key performance indicator for SSAB, which is monitored monthly, is the percentage of vacant managerial positions to which internal candidates are appointed. During 2011, no less than 85 percent of managerial recruitments took place internally, thereby facilitating exchanges of experience and skills development.

During 2011, the work on developing a high-performance organization has included continuation of the Change Implementation Program. The program is focused on second-tier managers within SSAB and is aimed at increasing the understanding of SSAB's strategy and how the strategy is to be translated into each manager's own work.

Number of accidents



▲ Daniel Bälte and Sara Åslund.

EQUALITY OF OPPORTUNITY AND DIVERSITY

SSAB operates in a traditionally male-dominated industry. This is particularly noticeable in the production part of the operations. In the Group, women account for a total of 19 percent of employees and 18 percent of managers. The aim is that the percentage of women in the Group shall be reflected in the percentage of female managers.

SSAB is working with, among other things, mentor programs and women's networks in order to increase career opportunities for women within the Group. Within SSAB, there are a number of employees who have been identified as potential managers of the future; just over one-quarter of them are women, which is a positive factor for SSAB achieving the established goal.

Follow-up of the investments made in potential future managers demonstrates that two-thirds of the men and women who have undergone the development program for managerial candidates proceed to manager or head positions. This confirms that the development was as positive for female candidates as for male candidates, even if in total there were fewer female than male candidates.

Two of the Group Executive Committee's 9 members are women. The composition of the managerial corps in the new business areas also reflects breadth in diversity factors. This transmits signals to the rest of the organization and, together with the increased internal mobility, in the long term contributes to increased diversity on all levels.

PROACTIVE HEALTH CARE PREVENTS ILL-HEALTH

SSAB has a major commitment to improved health, and a number of proactive health care projects are being carried out. During the year, lost time within the Swedish part of the group amounted to 3.2 (2.8) percent. Lost time amounted to 3.9 (3.3) percent among blue-collar employees and 1.6 (1.6) among white-collar staff.

Safe workplace – top priority

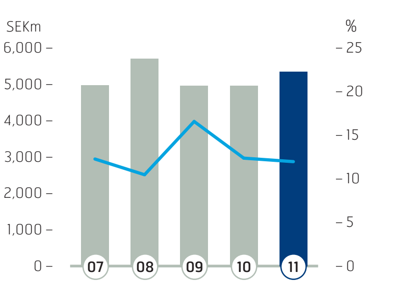
A safe workplace at SSAB is the top priority. SSAB's stated ambition is to be one of the world's leading steel companies as regards health and safety. SSAB possess favorable technical and practical conditions for achieving this. Hazardous work situations have gradually been eliminated and strict routines and procedures are in place in respect of any hazardous elements which it has not been possible to eliminate . At the same time, work is also taking place to improve safety through increased understanding, attitudes towards safety, and behavior which affects safety.

In response to a number of serious accidents in recent years, preparedness has been made more incisive, with work being focused on strengthening routines and increasing safety awareness. Compromises on issues of safety are never acceptable within SSAB. SSAB has a zero-tolerance vision as regards accidents.

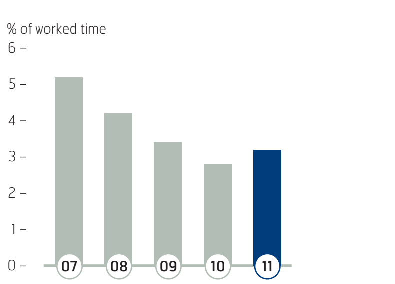
Despite forceful safety measures, 2011 did not witness any change in trend in the Swedish steel operations. The outcome for the year was one fatality at SSAB's plants, which involved a contractor employee, and accident figures as a whole were at a level which is not in line with SSAB's strategic objectives. On a Group level, the number of accidents resulting in lost time was 9.2 per million worked hours, a slight increase compared with last year.

Again in 2011, the two steel works in Mobile and Montpelier have demonstrated extremely positive results as regards safety

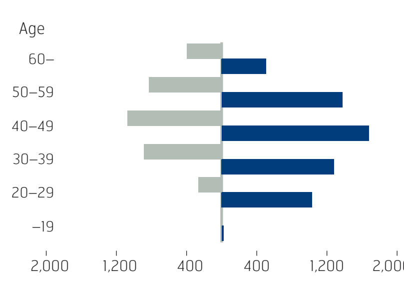
Personnel expenses



Lost time



Age breakdown



and, according to independent analysts, are among the leading steel works in North America. SSAB Americas exceeded its target and only three accidents resulting in lost time occurred during the year, none of which was serious in nature. In total, this was a 25 percent improvement compared with the previous year. Top priority is being given to achieving the same positive results in the Swedish operations. In this endeavor, it is an advantage to be able to study and learn from the American operations.

Those accidents which do take place occur most frequently when extraordinary situations prevail, such as in conjunction with maintenance outages and disruptions in production. Detailed documentation and analysis of accidents and incidents is a crucial factor for being able to implement appropriate measures and for developing safety routines. Crush injuries, strains and minor burns are the most common injuries. Due to the heavy snowfall in Sweden of the past two winters, there have been abnormally high numbers of accidents due to slipping, which is reflected in the accident statistics.

Zero-accident vision

THE MESSAGE HAS BEEN REINFORCED

SSAB has formulated a zero-tolerance policy as regards accidents, with the intermediate objective of reducing by more than 5 percent per year the number of accidents resulting in lost time. The message has been reinforced, there is a high level of awareness in the organization, and some plants have set targets which even exceed Group targets.

The zero-tolerance program was launched in 2010 and involves practical preventive work through training, and strengthened routines, as well as a lower level of tolerance in cases where safety is disregarded. Risking one's own safety or that of one's colleagues can never be tolerated and may result in disciplinary measures, irrespective of the outcome. It is primarily a question of changed attitudes. This is a readjustment which takes time and, as an employer, SSAB must create the most positive conditions.

TREND TOWARDS FEWER SERIOUS ACCIDENTS

Lost Time Incidents (LTI) is the key performance indicator used to measure accident frequency. LTI measures the number of accidents which result in absence from work, per million work hours. Over the past four years, SSAB's LTI has been relatively unchanged, in line with the industry average. However, behind these figures there is an underlying trend of, generally speaking, less serious accidents which result in shorter periods of lost time. Extremely positive results can be presented in respect of individual plants. For example, the plant in Borlänge has succeeded in significantly reducing its accident figures. During the summer of 2011, extremely large capital investment projects were carried out at the plant and implemented without a single accident.

RESPONSIBILITY FOR CONTRACTOR EMPLOYEE SAFETY

Each year, hundreds of people from external companies work at SSAB's plants, primarily on maintenance and repairs. In Sweden, SSAB has a statutory responsibility to coordinate safety work and employees of external contractors have been included in SSAB EMEA's composite accident statistics since 2010. During the year, serious accidents occurred in which contractor employees were injured. A driver was fatally injured at the sales depot in Portugal, while in Borlänge a contractor employee suffered serious burns in conjunction with a repair outage.

Together with the contractor, SSAB conducts a risk analysis in respect of the relevant work duties. All reported work accidents, near accidents or critical elements are reviewed. Safety training courses are held regularly, with particular emphasis prior to the summer outage when a large number of contractor employees are admitted to the plants.

Improved systematic work with OHSAS 18001

During 2010, the American steelworks were granted certification in accordance with the international standard for systematic working environment work, OHSAS 18001. The goal of obtaining certification for the entire American operations was achieved in 2011 when all three cutting lines were granted certification. This means that SSAB Americas has a standardized management system in place as regards health and safety. In practice, this involves the joint policies, procedures and documentation, which will strengthen the organization's ability to address safety issues systematically. Preparations continued in 2011 for certification of the Swedish production plants. Luleå already has certification, and the aim is that all plants will be certified by the end of the first half of 2012.

Read more in SSAB's Sustainability Report on www.ssab.com.

Average number of employees, gender breakdown

	Number of employees		Women, %	
	2011	2010	**2011**	2010
Parent Company				
Sweden	52	48	50	46
Subsidiaries				
Sweden	6,644	6,413	19	19
USA	1,239	1,107	12	12
Other	895	909	29	25
Total	**8,830**	8,477	**19**	19

Number of employees at year-end

	2011	2010	**Change, %**
SSAB EMEA	6,742	6,569	3
SSAB Americas	1,338	1,221	10
SSAB APAC	171	104	64
Tibnor	798	838	-5
Other	58	58	0
Total	**9,107**	8,790	**4**

Compensation to senior executives

The Board's proposal for guidelines for 2012

For 2012, the Board proposes that compensation to the President and other members in the Company's senior management shall comprise:

- fixed salary;
- possible variable compensation;
- other benefits, such as company car; and
- pension.

"Other members of the Company's senior management" means members of the Group Executive Committee, currently nine persons other than the President. The total compensation package shall be at market terms and conditions and competitive in the employment market in which the executive works. Fixed salary and variable compensations shall be related to the executive's responsibilities and authority. The variable compensations shall be based on results as compared with defined and measurable targets and shall be subject to a ceiling in relation to the fixed salary. The variable compensations shall not be included in the basis for computation of pension, except in those cases where so provided in the rules of a general pension plan, e.g. the Swedish ITP plan. For senior executives outside Sweden, all or parts of the variable compensations may be included in the basis for pension computation due to legislation or competitive practice in the local market.

The variable compensation programs should be structured such that the Board of Directors has the possibility, should exceptional circumstances prevail, to restrict the payment of variable compensations, or to decline to make such payment, where such a measure is deemed reasonable and compatible with the Company's responsibilities to its shareholders, employees and other stakeholders.

Consultant fees in line with prevailing market conditions may be payable insofar as any director performs work on behalf of the Company, in addition to the Board work.

The period of notice of termination of employment for senior executives in Sweden shall be six months in the event of termination by the executive. In the event of termination by the Company, the total of the period of notice of termination and the period during which severance compensation is payable shall not exceed 24 months. Pension benefits shall be either benefit-based or contribution-based or a combination thereof, with individual retirement ages, however, in no case earlier than the age of 60. Benefit-based pension benefits are conditional on the benefits being earned during a pre-determined period of employment. In the event the employment terminates prior to the retirement age, the executive shall receive a paid-up policy for earned pension. For senior executives outside Sweden, the termination period and severance compensation may vary due to legislation or competitive practice in the local market.

The Board of Directors shall be entitled to deviate from the guidelines where special reasons exist in an individual case.

Short-term variable salary components in 2011

For the President and other members of the Group Executive Committee, the short-term variable salary component for 2011 is linked to:

- the Group's EBITDA margin relative to a number of comparable steel companies;
- an inventory turnover target established by the Board; and
- one or more individual targets.

Long-term variable salary components in 2011

As from 2011, a long-term incentive program has been introduced covering a maximum of 100 key persons throughout the Group, including the Company's President and other senior executives. This group includes approximately 50 employees in North America who previously were covered by the long-term incentive program which was in place when SSAB acquired IPSCO in 2007, but which has now been terminated.

The program applies for rolling three-year periods, is cash-based, and linked to the total return on the SSAB share compared with a comparison group comprising the Company's competitors. For participants in the program outside North America, the result is capped at between 15 and 25 percent of fixed salary. The maximum outcome for participants in North America is in line with the restrictions which applied under the earlier North American program; for these participants, the program is also linked to SSAB Americas' results and return on capital employed. The total annual cost for the newly introduced program is SEK 22.5 million in the event of target realization, and SEK 45 million in the event of maximum target realization, of which approximately two-thirds constitutes the cost for participants in North America. The program has been introduced with the aim of promoting the Company's ability to recruit and retain particularly important employees.

For more detailed information regarding applicable compensation and benefits, see Note 2.

»Rotary-Ax (Brazil) – Knife for sugarcane harvester. Rotary-Ax has invented a novel cutting tool giving higher productivity in sugar cane harvesting. The idea of segmented blades, where the dull part can be broken off the remaining blade, is combined with the high wear resistance and strength of advanced high strength steel. Blade handling is easy and quick with this design. Furthermore the re-growth of the sugar canes is improved since the knives are sharp and cut at an oblique angle. «

Risk and sensitivity analysis

The work of identifying and analyzing the risks and deciding how, and to what extent, the risks shall be addressed is a prioritized area. The Group's Risk Manager collaborates with those responsible in each business area. There is a Risk Management Policy to support the work.

Significant risks and uncertainty factors

The Group's results and financial positions are affected by a large number of factors, several of which are beyond the Company's control. These include, for example, the political and economic conditions that affect the markets for steel.

The dramatic events of recent years on the global financial markets have been accompanied by increased general uncertainty, which also results in risks and uncertainty in the business operations. The consequent main risks and uncertainty factors encountered by the Group relate to the impact of the macro-economy on demand, existing financing and possibilities for future financing, as well as changes in the value of fixed assets and operating assets.

Weak demand leads to a low rate of inventory turnover, which increases the risk of physical obsolescence in inventories.

The work of identifying and analyzing the risks and deciding how, and to what extent, the risks shall be addressed is a prioritized area in the Group. The Group's Risk Manager collaborates with those responsible for risk management in each business area. The risk work focuses on a Risk Management policy in which empasis is placed on:

- Loss prevention work
- Risk and cost optimization.

Risk and uncertainty in the Group's operations

Steel production takes place in a chain of processes, where disruptions in any part of the chain can rapidly have serious repercussions on the entire process. Thus, a disruption in the operations due, for example, to transportation obstacles and damage to assets resulting from, for example fire, explosions and other types of accidents, can be costly.

The risk that disruptions in one part of the process will have repercussions on other parts of the process can be minimized by keeping stocks of raw materials, work in progress, inventories of finished goods, as well as other types of inventory on as optimal a level as possible. Both property insurance and business disruption insurance are held in order to minimize the costs resulting from this type of risk.

The possibility to attract and retain skilled personnel represents a key factor in being able to conduct the operations with good profitability in the long term. Thus, skills development and, not least, management development are prioritized areas.

The niche strategy is contingent also on a continued strong process and product development, and thus skills development in these areas is particularly important.

The Group's reputation can be eroded quickly if safety, environmental responsibility and ethics are called into question, and consequently priority is given to these issues in the day-to-day work as well as in long-term training and work on influencing attitudes.

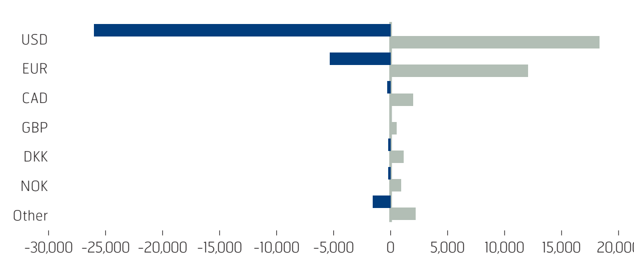
Financial risks

International operations such as those conducted by SSAB also entail a number of financial risks in the form of currency, financing, liquidity, interest rate and credit risks. Financial risk management is governed by the Group's finance policy adopted by the Board of Directors. Most financial transactions take place through the parent company's treasury function in Stockholm and through SSAB Finance Belgium. For further information about the financial risks of the Group, see Note 27.

REFINANCING RISKS (LIQUIDITY RISKS)

With its current financial targets, SSAB is a net borrower. Thus, a refinancing risk arises in connection with extensions of existing loans and the raising of new loans. The borrowing strategy is focused on securing the Group's needs for loan financing, with regard to both long-term loans and SSAB's day-to-day payment obligations to its lenders and suppliers. Borrowing takes place primarily through the parent company, taking into consideration the Group's financial targets. In order to minimize the refinancing risk, the

Currency flow 2011



objective is that the total of loans maturing during a single year shall not exceed 50 percent of the total debt portfolio. In addition, not more than 50 percent of the loans shall mature within the coming year. With respect to long-term financing, the target is an average term to maturity in excess of 3 years. The liquidity buffer, i.e. non-utilized and binding credit facilities as well as cash and cash equivalents, should exceed 10 percent of the Group's sales.

MARKET RISKS

Market risks are the risk of changes in market prices, such as interest rates and exchange rates, which can affect the Group's earnings or financial position.

INTEREST RATE RISKS

The Group's interest rate risks relate to changes in market interest rates and their impact on the debt portfolio. The average fixed rate term in the total debt portfolio should be approximately 1 year, but is permitted to vary between 0.5 and 2.5 years. The fixed rate term on the borrowing may be adjusted through the use of interest rate swaps.

CURRENCY RISKS

SSAB's currency exposure largely relates to the translation risk regarding net assets of foreign subsidiaries. This exposure is hedged through borrowing in foreign currency, so-called Equity Hedge. Exceptions are made in the case of small amounts, e.g. for equity in foreign sales companies. The objective with the Equity Hedge is to minimize the translation effect on the net debt/equity ratio. The Swedish krona is the base currency.

To handle the transaction risk, most of the commercial currency flows which qualify for hedge accounting (at present purchases of coal and iron ore in USD and sales in EUR) are hedged. Major investments decided upon in foreign currency are hedged in their entirety. Other commercial currency flows that arise in connection with purchases and sales in foreign currency are short term in nature and thus no hedging takes place; instead, they are exchanged on the spot market.

The Group had a net inflow in all important currencies. The net foreign currency inflow in 2011 was SEK 3.5 (4.9) billion. The Group's most important currency flows are shown in the diagram on page 42.

CREDIT RISKS

Financial counterparties are selected based on Standard & Poor's and Moody's current ratings for long-term borrowing and taking into account the Group's reciprocal commercial relations with the relevant counterparty. The minimum acceptable ratings are A- from Standard & Poor's or A3 from Moody's. In addition, there are credit risks associated with accounts receivable and other claims, which are handled by the relevant subsidiary.

EMISSION RIGHTS

The parent company's treasury function is responsible for handling any deficits or surpluses in emission rights. This takes place via external trading with approved counterparties.

Risks and uncertainty in the steel industry

The steel industry is strongly affected by the business cycle for steel and the most important raw materials.

The high percentage of fixed costs due to the large capital expenditures that characterize the steel industry also increases sensitivity to business cycle fluctuations. It is difficult to protect against this, but the focus on niche products is one way in which SSAB has chosen to minimize the cyclical nature of its earning capacity.

The transition to shorter term contracts for purchases of raw materials entails increased cost volatility. To minimize this increased risk, a transition is taking place to shorter term price agreements also in conjunction with sales.

It is through a continued focus on developing its niche products that SSAB can maintain and, preferably, strengthen its position against competitors.

The system of carbon dioxide emission rights has resulted in new rules of the game for companies in the steel industry. As the system functions today, it distorts competition due to the fact that a large proportion of steel producing countries in the world are not covered by the system.

External risks

There are a large number of external factors that impact on the entire steel industry and, therefore, on SSAB. Examples include the introduction of various obstacles to trade, energy price trends and increased environmental requirements. The work of managing environmental risks and increased environmental requirements is addressed in greater detail under the section concerning SSAB's environmental activities.

Sensitivity analysis

The approximate full year effect in 2011 on profit after financial items and earnings per share of changes in significant factors is shown in the sensitivity analysis below.

Sensitivity analysis

	Change, %	Effect on profit, SEK millions	Effect on earnings per share , SEK [2]
Steel prices – steel operations	10	3,800	8.65
Volumes – steel operations	10	430	1.00
Iron ore prices	10	500	1.15
Coal prices	10	330	0.75
Scrap metal prices	10	690	1.55
Interest rates	1%-point	130	0.30
Krona index [1]	5	370	0.85

[1] Calculated based on SSAB's exposure without currency hedging. If the krona weakens, this entail a positive effect.
[2] Calculated based on a tax rate of 26.3 percent.

Corporate governance report 2011

SSAB's organization is characterized by a decentralized work method in which responsibilities and powers are, to a large degree, delegated to the respective business areas and subsidiaries. SSAB is listed on Nasdaq OMX Stockholm and complies with its Rule Book for Issuers and applies the Swedish Code on Corporate Governance (the "Corporate Code"); for more information, see www.bolagsstyrning.se.

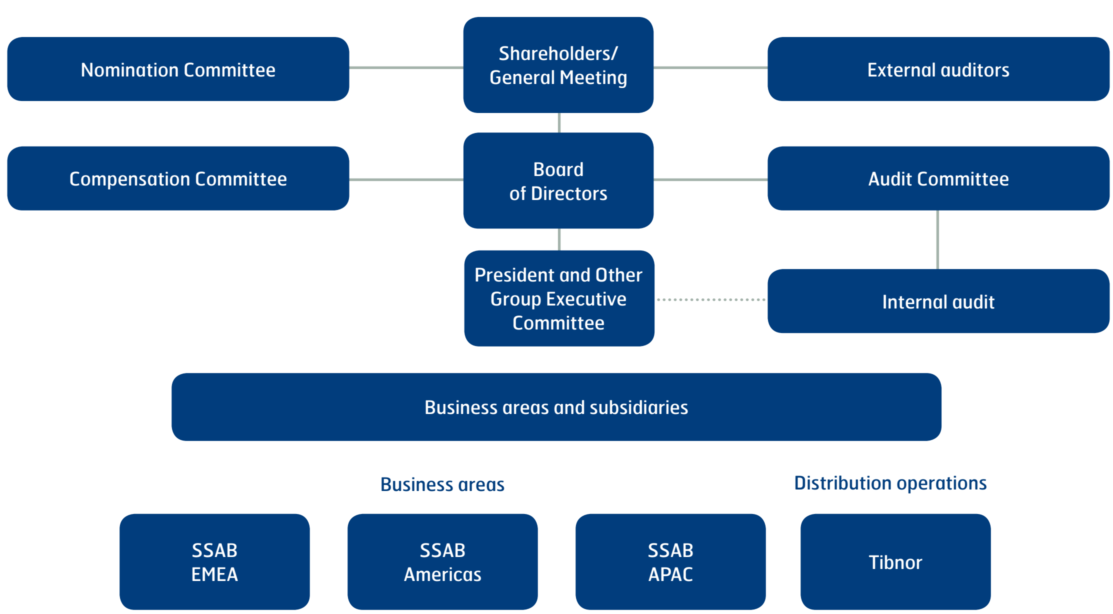
Organization

The Group's steel operations in 2011 comprised the three geographic business areas: SSAB EMEA (Europe, the Middle East and Africa), SSAB Americas (North and Latin America) and SSAB APAC (Asia, Australia and New Zealand), as well as distribution operations through the subsidiary, Tibnor. Processing operations, Plannja, is part of SSAB EMEA.

The diagram below illustrates SSAB's corporate governance model as per December 31, 2011, and how the central bodies operate.

Deviations from the Corporate Code

During 2011, the Compensation Committee comprised Sverker Martin-Löf (Chairman), John Tulloch and Lars Westerberg. According to the main rule in Rule 9.2 of the Corporate Code, the members of the Compensation Committee who are elected by the general meeting must be independent in relation to the Company and company management. Since John Tulloch is considered to be dependent in relation to the Company, his participation in the Compensation Committee thus constitutes a derogation from the Code's rules. The Company currently conducts extensive international operations involving a large number of employees outside Sweden, not least in North America. John Tulloch possesses long experience from senior managerial positions in the North American steel industry. His knowledge of compensation principles and compensation structures in, primarily, the North American steel industry, constitutes an extremely valuable contribution to the Committee's overall ability to address international compensation issues in a purposeful and rational manner. Thus, the Company has made the assessment that the value of John Tulloch's participation in the Compensation Committee outweighs any possible disadvantages resulting from him not being deemed independent in relation to the Company. For these reasons, the Company considers the derogation from Rule 9.2 of the Corporate Code to be justified.



Important external and internal rules and policies which affect corporate governance

Significant internal rules and policies
- By-laws
- The Board's rules of procedure, incl. instructions to the President and instructions to board committees
- Accounting manual Financial Guidelines and finance policy
- Code of Business Ethics

Significant external rules
- Swedish Companies Act
- Swedish Accounts Act
- Swedish Annual Reports Act
- Rule Book for Issuers Nasdaq OMX Stockholm, www.nasdaqomx.com
- Swedish Corporate Governance Code, www.bolagsstyrning.se

Shareholders

SSAB's share capital consists of class A and class B shares, with class A shares carrying one vote and class B shares one-tenth of one vote. Both classes of shares carry the same rights to participate in the Company's assets and profits.

On December 31, 2011 there were 70,151 shareholders. In terms of votes, Industrivärden was the largest shareholder, followed by Swedbank Robor Funds, LKAB and Nordea Investment Funds. 71 percent of the shareholders held 1,000 shares or fewer, while the ten largest institutional owners together owned approximately 42 percent of the total share capital. Foreign owners accounted for 21 (23) percent of shareholdings. For further information regarding the ownership structure, see page 116.

Owners as per December 31, 2011

Owners	% of votes	% of share capital	Number of shares
Industrivärden	22.6	17.6	56,860,957
Swedbank Robur Funds	6.2	7.2	23,234,047
LKAB	5.0	3.8	12,344,064
Nordea Investment Funds	4.3	3.9	12,520,631
Alecta Pensionsförsäkring	2.5	2.6	8,513,500
Folksam	1.9	1.7	5,604,125
AMF - Försäkring och Fonder	1.7	1.6	5,209,000
2nd National Pension Fund	1.3	1.2	3,842,615
Other shareholders	54.5	60.4	195,805,836
Total	**100.0**	**100.0**	**323,934,775**

Source: Euroclear

General meeting

The General Meeting is the Company's highest decision-making body; it is where shareholder influence in the Company is exercised. At the Annual General Meeting (Ordinary General Meeting), the shareholders decide, among other things, on the following:

- Adoption of the annual report and consolidated financial statements
- Allocation of the Company's profit
- Discharge from liability for the Board of Directors and the President
- Election of the Board, its Chairman and auditors
- Method of appointment of the Nomination Committee
- Compensation to the Board and the auditors
- Guidelines for compensation to the President and other senior executives

2011 Annual General Meeting

The 2011 Annual General Meeting adopted the annual report and consolidated financial statements for 2010 as presented by the Board and the President, decided on the allocation of the Company's profit, and granted the directors and the President discharge from liability.

In addition, the Chairman of the Nomination Committee described the work during the year and the reasons for the presented proposals. The General Meeting decided on compensation to the Board and auditors in accordance with the Nomination Committee's proposals. Anders G Carlberg, Sverker Martin-Löf (Chairman), Anders Nyrén, Matti Sundberg, John Tulloch and Lars Westerberg were re-elected as directors. Jan Johansson, Annika Lundius and Martin Lindqvist (President and CEO) were elected as new directors.

The General Meeting decided that the number of auditors would comprise a registered firm of accountants. PricewaterhouseCoopers was re-elected for a term extending up to and including the 2012 Annual General Meeting.

The General Meeting decided that the dividend would be SEK 2.00 per share. A quorate Board and the auditor-in-charge were present at the Annual General Meeting. Minutes from the Annual General Meeting are available on www.ssab.com.

Nomination Committee

THE NOMINATION COMMITTEE'S DUTIES

The Nomination Committee's duties include presenting proposals to the Annual General Meeting regarding:

- Chairman of the Board
- Directors
- Auditors
- Chairman of the Annual General Meeting
- Fees to the Board
- Fees to the auditor

Procedure for appointment of the Nomination Committee

The 2011 Annual General Meeting adopted a procedure for appointment of the Nomination Committee. According to the procedure, the Chairman of the Board is charged with the task of requesting no fewer than three and no more than five of the largest shareholders in terms of votes to each appoint a member to constitute a Nomination Committee together with the Chairman of the Board. There may be no more than six members in total. The Chairman of the Nomination Committee shall be the representative of the largest shareholder.

The composition of the Nomination Committee was announced on the Company's website, www.ssab.com on September 23, 2011.

Nomination Committee for the 2012 Annual General Meeting

Appointed by, name	Share in % of voting capital as per December 31, 2011
Industrivärden, represented by Carl-Olof By, Chairman	22.6
Swedbank Robur Funds, represented by Thomas Eriksson	6.2
LKAB, represented by Lars-Erik Aaro	5.0
Alecta Pensionsförsäkring, represented by Kaj Thorén	2.5
Sverker Martin-Löf, Chairman of the Board	-

Until December 31, 2011, shareholders have been able to submit proposals to the Nomination Committee, among other things by e-mail. The Nomination Committee's proposals are published not later than in connection with the notice to attend the Annual General Meeting. In connection with issuance of the notice to attend the Annual General Meeting, the Nomination Committee will publish a detailed statement regarding its proposal for a Board, on www.ssab.com.

The Nomination Committee's work pending the 2012 Annual General Meeting

Since being appointed in the autumn of 2011, the Nomination Committee has met three times.

The Chairman of the Board has described to the Nomination Committee the process applied in the Company in conjunction with the annual evaluation of the Board of Directors and the President, as well as the result of the evaluation. In addition, the Nomination Committee was informed of the results of the evaluation of the Chairman of the Board, at a meeting at which the Chairman was not present. At one of its meetings, the Nomination Committee also met the Company's President, who informed the members about the Company's operations and strategy.

The Nomination Committee has discussed the composition of the Board and agreed on the main demands which should be imposed on the directors, including the demand for independent directors. In this context, consideration has been given to the issue of a more equal gender division. The Nomination Committee has also had access to an external consultant in the work of identifying and evaluating potential new directors. In producing proposals for fees for the Board and its committees, the Nomination Committee has, among other things, conducted a comparative study of the levels of board fees in similar companies. In producing its proposals regarding the election of auditors and fees for audit work, the Nomination Committee has been assisted by the Audit Committee.

The Board of Directors

THE BOARD'S RESPONSIBILITIES

The overall task of the Board of Directors is to manage the Company's affairs on behalf of the shareholders in the best possible manner. The Board of Directors shall regularly assess the Group's financial position and evaluate the operational management. The Board of Directors decides, among other things, on questions concerning the Group's strategic focus and organization, and decides on important capital expenditures (exceeding SEK 50 million).

Each year, the Board shall prepare proposals for guidelines regarding determination of salary and other compensation for the President and other members of the Company's senior management, to be decided upon at the Annual General Meeting.

THE BOARD'S RULES OF PROCEDURE

Each year, the Board adopts rules of procedure including instructions to the President which, among other things, govern the allocation of work between the Board and the President.

The rules of procedure also regulate the manner in which Board work is allocated among the directors, the frequency of Board meetings, and the allocation of work among Board committees. The rules of procedure state that there shall be a compensation committee and an audit committee. Prior to each Board meeting, the directors receive a written agenda and full documentation to serve as a basis for decisions. At each Board meeting, a review is conducted regarding the current state of the business, the Group's results and financial position, and prospects. Other issues addressed include competition and the market situation. The Board also regularly monitors the health and safety work, including the Group's accident statistics.

CHAIRMAN OF THE BOARD

The Chairman of the Board of Directors presides over the Board's work, represents the Company on ownership issues, and is responsible for the evaluation of the work of the Board. In addition, the Chairman is responsible for regular contacts with the President and for ensuring that the Board of Directors performs it duties.

COMPOSITION OF THE BOARD

According to the by-laws, the Board shall consist of no fewer than five and no more than ten directors elected by the General Meeting. The Board is quorate when more than one-half of the total number of directors are present. Taking into consideration the Company's operations, phase of development and circumstances in general, the Board must have an appropriate composition which is characterized by diversity and breadth as regards the expertise, experience and background of its members. New directors undergo an introduction course to rapidly acquire the knowledge which is expected in order to best promote the interests of the Company and its shareholders.

THE BOARD'S WORK IN 2011

In 2011, eight meetings were held at which minutes were taken and the Board was at all times quorate. SSAB's General Counsel, who is not a director, served as secretary to the Board.

During the year, SSAB's Board has worked on endeavoring to counteract the negative repercussions on the Company's operations and financial position as the macroeconomic uncertainty in Europe and North America entailed. The Board has focused in particular on various measures by the Company to strengthen profitability in the business through scrupulous cost control, increased sales volumes, and reducing the use of capital employed. The Board also carefully monitors price trends as regards the Company's most important raw materials, iron ore and coal. The Company's overall strategy was also discussed in depth at a special Board meeting held in September. During the year, the Board has also focused on the Company's research and development activities and, among other things, visited the Company's American research center in Montpelier, Iowa.

Auditors

According to the by-laws, SSAB shall have one or two external auditors, or one or two registered public accounting firms. At the 2011 Annual General Meeting, it was decided that the number of auditors would comprise one registered accounting firm and PricewaterhouseCoopers was re-elected as auditor for another year.

Authorized public accountant Claes Dahlén has been the auditor-in-charge since 2005. He is also the auditor-in-charge of the listed company, Medivir. In total, PricewaterhouseCoopers is the elected auditor of 23 out of the 60 companies in the "Large Cap" segment, and 107 out of a total of 277 companies on Nasdaq OMX, Stockholm.

The external audit of the financial statements of the parent company and the Group, as well as management by the Board of Directors and President, is conducted in accordance with International Standards on Auditing and Generally Accepted Auditing Standards in Sweden. The Company's auditor-in-charge participates at all meetings of the Audit Committee. The auditor attends at least one Board meeting per year and goes through the audit for the year and discusses the

Appointed by the Annual General Meeting

Director	Elected to the Board	Shareholding [1]	Experience and current appointments
Sverker Martin-Löf, Chairman since 2003 (1943)	2003	21,563 shares	Licentiate of Technology, dr h.c. Board Chairman: Industrivärden, SCA and Skanska. Deputy Board Chairman: Ericsson. Director: Handelsbanken. Formerly President and CEO of SCA.
Anders G Carlberg (1943)	1986	6,000 shares	M.Sc. in Economics Board Chairman: Höganäs. Deputy Board Chairman: Sapa. Director: Axel Johnson Inc., Mekonomen, Beijer Alma, Sweco and Investment AB Latour. Formerly President and CEO of Nobel Industrier, J.S. Saba and Axel Johnson International and Executive Vice President of SSAB.
Jan Johansson (1954)	2011	5,000 shares	LLM President and CEO of SCA. Director: SCA and Handelsbanken. Formerly President and CEO of Boliden as well as senior positions within Vattenfall and the Shell Group.
Martin Lindqvist, President and CEO (1962)	2011	17,109 shares	B.Sc. in Economics Chairman of the Council of Jernkontoret (Swedish Steel Producers' Association). Director: Indutrade. Employed at SSAB since 1998. Formerly Head of Business Area SSAB EMEA, Head of SSAB Strip Products, CFO of SSAB, CFO of SSAB Tunnplåt and Chief Controller, NCC.
Annika Lundius (1951)	2011	2,000 shares	LLM Deputy Director-General of the Confederation of Swedish Enterprise. Formerly Legal Director and Financial Council, Swedish Ministry of Finance and CEO, Confederation of the Swedish Insurance Industry and Employers Association.
Anders Nyrén (1954)	2003	2,812 shares	M.Sc. in Economics, MBA President and CEO of Industrivärden. Chairman: Sandvik. Deputy Board Chairman: Handelsbanken. Director: Ericsson, Ernströmgruppen, Industrivärden, SCA, Volvo and the Stockholm School of Economics. Formerly Executive Vice President of Skanska.
Matti Sundberg (1942)	2004	10,000 shares	Mining Counselor, M.Sc. in Business and Economics, Ph. and Econ. dr h.c. Board Chairman: Chempolis and Finnish Ski Association. Director: Boliden, Skanska, Grängesberg Iron and FIS. Formerly President and CEO of Valmet/Metso and Ovako Steel.
John Tulloch (1947)	2009	15,000 shares	Bachelor of Agricultural Science, Master of Science. Formerly Executive Vice President, Steel & Chief Commercial Officer of IPSCO and Executive Vice President of SSAB & President Division IPSCO
Lars Westerberg (1948)	2006	10,000 shares	M.Sc. and MBA Board Chairman: Husqvarna and Stena. Director: Volvo and Sandvik. Formerly President and CEO of Autoliv and Gränges.

[1] Shareholdings include shares owned by closely-related persons.

Appointed by the employees

Director	Elected to the Board	
Sture Bergvall (1956)	2005	Electrician, SSAB EMEA
Bert Johansson (1952)	1998	Electrician, SSAB EMEA
Patrick Sjöholm (1965)	2011	Automation engineer, SSAB EMEA
Alternates		
Uno Granbom (1952)	2008	Technician, SSAB EMEA
Ola Parten (1953)	2005	Engineer, SSAB EMEA
Per Scheikl (1968)	2009	Mechanic, SSAB EMEA

audit with the directors, without the President or other members of the Company's senior management being present. For information regarding fees to the auditors, see Note 2.

Compensation Committee

DUTIES

In addition to the Chairman of the Board, the Compensation Committee shall consist of one or more director elected by the General Meeting, whom shall normally be independent in relation to the Company and company management. The members of the Compensation Committee shall possess the requisite knowledge and experience on issues relating to compensation to senior executives. The President shall be present at meetings of the Committee in order to report on matters. The Compensation Committee's duties are stated in the Board's rules of procedure. The Compensation Committee presents proposals to the Board of Directors regarding the President's salary and other employment terms, establishes salaries and employment terms for other members of the Group Executive Committee and establishes limits regarding salary and employment terms for other senior executives. The Compensation Committee's duties otherwise include preparing resolutions for adoption by the Board on issues concerning compensation principles, preparing proposals for adoption by the Board regarding guidelines for determination of salary and other compensation to the President and other members of the Group Executive Committee, as well as monitoring and evaluating the application thereof. The Compensation Committee shall also monitor and evaluate programs regarding variable compensation to members of the Group Executive Committee.

WORK IN 2011

In 2011, the Compensation Committee held five meetings at which minutes were taken. The Compensation Committee comprised Sverker Martin-Löf (Chairman), John Tulloch and Lars Westerberg. The President is co-opted to the Committee but does not participate in discussions concerning his own salary and employment terms.

		Attendance statistics 2011			Independent in relation to the	
Name of Director	Elected to the Board	Board meetings	Compensation Committee	Audit committee	Company and its management	Company's major shareholders
Elected by the Annual General Meeting						
Sverker Martin-Löf, Chairman of the Board since 2003 (1943)	2003	8	5	4	Yes	No, Chairman of Industrivärden
Anders G Carlberg (1943)	1986	8	-	4	Yes	Yes
Jan Johansson (1954)	2011	6[1]	-	-	Yes	Yes
Martin Lindqvist, President and CEO (1962)	2011	6[1]	-	-	No, President of the Company	Yes
Annika Lundius (1951)	2011	6[1]	-	-	Yes	Yes
Anders Nyrén (1954)	2003	8	-	-	Yes	No, President and CEO of Industrivärden
Matti Sundberg (1942)	2004	8	-	4	Yes	Yes
John Tulloch (1947)	2009	8	5	-	No, former President of IPSCO Division	Yes
Lars Westerberg (1948)	2006	8	5	-	Yes	Yes
Employee representatives						
Sture Bergvall (1956)	2005	8	-	-	-	-
Bert Johansson (1952)	1998	8	-	-	-	-
Patrick Sjöholm (1965)	2011	4[2]	-	-	-	-
Alternates						
Uno Granbom (1952)	2008	8	-	-	-	-
Ola Parten (1953)	2005	8	-	-	-	-
Per Scheikl (1968)	2009	8	-	-	-	-

[1] Newly elected at the 2011 Annual General Meeting [2] Newly elected on 1 july 2011

For information regarding fees, see Note 2. Honorary Chairman: Björn Wahlström since 1991.

Audit Committee

DUTIES

According to the Board's rules of procedure, the Audit Committee shall comprise at least three directors elected by the General Meeting. The members of the Audit Committee may not be employees of the Company. Most of the members must be independent in relation to the Company and company management. At least one member who is independent in relation to the Company and company management must also be independent in relation to the Company's major shareholders and possess accounting or auditing skills. The Committee elects a chairman from among its members, who may not be the Chairman of the Board. The duties of the Committee are stated in the Board's rules of procedure. The Chairman of the Audit Committee is responsible for ensuring that the entire Board is kept regularly informed regarding the work of the Committee and, where necessary, shall submit matters to the Board for a decision. The main task of the Audit Committee is to support the Board in the work of ensuring the quality of the financial reporting. The Committee regularly meets the Company's auditors, evaluates the audit work and establishes guidelines as to which additional services the Company may procure from its external auditors. Such additional services, up to a maximum of SEK 100,000 per assignment, must be approved in advance by the Company's Chief Financial Officer. Assignments in excess of SEK 100,000 must be approved in advance by the Chairman of the Audit Committee. All additional services must be reported to the Audit Committee each quarter.

There is an established risk management process in the Company which is based on processes and flows in production. In this process, the Audit Committee reviews and takes into account the risk areas that have been identified (both commercial risks and risks of errors in the financial reporting). Based on the result of the internal and external risk assessment, the Committee regularly analyses the focus and scope of the audit with the Company's external and internal auditors.

Each year, the Audit Committee adopts an internal audit plan which, among other things, is based on the risks that have arisen in the risk management process described above. The audit plan is discussed with the external auditors in order to enhance the efficiency and quality of the regular audit work. The Committee also analyses and elucidates significant accounting issues which affect the Group and assists the Nomination Committee in producing proposals as regards auditors and their fees.

WORK IN 2011

In 2011, the Audit Committee further developed and improved the presentation of the external financial reporting. The Audit Committee, together with the external auditors, reviewed and analyzed the risk analysis and audit plan prepared by the auditors as a basis for the statutory audit.

The Audit Committee's members were Anders G Carlberg (Chairman), Sverker Martin-Löf and Matti Sundberg. In 2011, the Audit Committee held four meetings at which minutes were taken.

Group Executive Committee

THE GROUP EXECUTIVE COMMITTEE'S WORK AND RESPONSIBILITIES

The Group Executive Committee is responsible for the formulation and implementation of the Group's overall strategies, and addresses issues such as acquisitions and divestments. These issues, as well as major capital expenditures (in excess of SEK 50 million), are prepared by the Group Executive Committee for decision by the Board of Directors of the parent company.

The President is responsible for the day-to-day management of the Company in accordance with the Board of Directors' instructions and guidelines. As per December 31, 2011, the Group Executive Committee consisted, in addition to the President, of the Heads of the SSAB EMEA, SSAB Americas and SSAB APAC business areas, the Chief Financial Officer, the Head of Marketing, the General Counsel, the Head of Human Resources and the Head of Communications.

The Group Executive Committee holds monthly meetings in order to monitor the results and financial position of the Group and the business areas/subsidiaries. Other issues addressed at Group Executive Committee meetings include strategy issues and follow-up on budget and forecasts.

The head of each business area and subsidiary is responsible for the relevant income statement and balance sheet. Overall operational control of the business areas takes place through quarterly performance reviews and, in Tibnor, through its board of directors. In most cases, the President of the parent company is the Chairman of the Board of each of the directly-owned major subsidiaries and these boards also include other members from the Group Executive Committee, as well as employee representatives. The boards of the subsidiaries monitor the ongoing operations and adopt their respective strategies and budgets.

Compensation Guidelines

The 2011 Annual General Meeting decided that compensation to the President and other members of the Company's senior management shall comprise fixed salary, possible variable compensation, other benefits such as company car, and pension. The total compensation package shall be on market terms and competitive in the employment market in which the executive works. Fixed salary and variable compensation shall be related to the executive's responsibilities and powers. The variable compensation shall be based on results as compared with defined and measurable targets and shall be subject to a cap in relation to the fixed salary. Variable compensation shall not be included in the basis for computation of pension, except in those cases where so provided in the rules of a general pension plan (e.g. the Swedish ITP plan). As regards senior executives outside Sweden, all or parts of the variable compensation may be included in the basis for pension computation due to legislation or practice on the local market. The Board shall be entitled to derogate from the guidelines where special reasons exist in an individual case. For more detailed information regarding current compensation, reference is made to Note 2.

The Company currently has no share related incentive programs.

Internal control and risk management

The overall objective of the internal control is to ensure, to a reasonable degree, that the Company's operational strategies and targets are monitored and that the owners' investments are protected. In addition, the internal control shall ensure with reasonable certainty that the external financial reporting is reliable and prepared in accordance with generally accepted accounting principles, and shall ensure compliance with applicable laws and regulations and the requirements imposed on listed companies.

The Group Risk Manager has the task of developing and implementing a uniform risk management model regarding the Group's risks, primarily relating to injury to individuals and damage to machinery and the environment. The Group Risk Manager has the task of identifying, evaluating and reporting these risks as well as compiling and updating SSAB's risk profile and risk model. The work also involves assessing which preventive measures should be taken in the internal control in order to reduce and prevent such risks. In addition, the Group Risk Manager shall ensure that the Group is sufficiently insured and shall prepare information as a basis for decisions by the Group Executive Committee, the business areas and subsidiaries. The Group Risk Manager is functionally responsible for the Group's risk work and collabo-

Name	Member of the Group Executive Committee	Shareholding [1]	Education and experience
Martin Lindqvist, President and CEO (1962)	2001	17,109 shares	B.Sc. in Economics Employed at SSAB since 1998 Formerly Head of Business Area SSAB EMEA; Head of Division SSAB Strip Products; CFO of SSAB; CFO of SSAB Tunnplåt and Chief Controller, NCC
Jonas Bergstrand, General Counsel and Executive Vice President, Legal (1965)	2006	7,300 shares	Master of Law Employed at SSAB since 2006. Formerly Corporate counsel at ABB; OM Gruppen; Ericsson Radio Systems
Monika Gutén, Executive Vice President and Head of Group Human Resources (1975) [2]	2011	1,000 shares	M.Sc. in Business Administration Employed at SSAB since 2007 Formerly Head of Human Resources, Business Area SSAB EMEA; Head of Business Development, SSAB
Melker Jernberg, Executive Vice President and Head of Business Area SSAB EMEA (1968) [3]	2011	4,000 shares	M.Sc. in Engineering Employed at SSAB since 2011 Formerly Senior Vice President Buses and Coaches, Scania; Plant Manager, Scania.
Martin Pei, Executive Vice President and Head of Business Area SSAB APAC (1963)	2007	1,000 shares	Ph.D. Technology Employed at SSAB since 2001. Formerly Executive Vice President and Techncal Director, Head of Research and Development; General Manager, Slab Production, SSAB Plate.
Karl-Gustav Ramström, Executive Vice President and Head of Group Marketing and Market Development (1954)	2007	10,000 shares	M.Sc. in Engineering, MBA. Employed at SSAB since 2007. Formerly Head of SSAB Plate, Head of division, Process Automation, ABB Sweden.
Charles Schmitt, Executive Vice President and Head of Business Area SSAB Americas (1959)	2011	0 shares	B.Sc. in Business Administration, The University of Texas at Arlington. Employed at IPSCO Inc since 1990. Formerly positions with US Steel Corporation; VP of the Southern Business Unit for SSAB Americas.
Helena Stålnert, Executive Vice President and Head of Group Communications (1951)	2007	1,000 shares	Master program in Journalism. Employed at SSAB since 2007. Formerly Senior Vice President, Communications, Saab; Editor-in-Chief Aktuellt Swedish Television.
Marco Wirén, Executive Vice President and Chief Financial Officer (1966)	2008	10,000 shares	M. Econ. Employed at SSAB since 2007. Formerly Group Controller, SSAB; CFO, Eltel Networks and Vice President Strategic Planning and Group Controller, NCC.

1) Shareholdings include shares owned by closely-related persons.
2) Anna Vikström Persson was Executive Vice President, Human Resources until February 9, 2011
3) Thom Mathisen was acting Head of Business Area SSAB EMEA until October 31, 2011.

rates with a number of local risk managers on the business area and subsidiary level. All risk managers are members of the Company's Risk Council, which is convened each quarter by the Group Risk Manager. The Group Risk Manager reports directly to the Company's General Counsel. Financial risks are managed by the Group's treasury function and are thus outside the mandate of the Group Risk Manager.

In order to further strengthen the internal control and risk management, in 2010 SSAB decided to establish a whistleblower function through which serious improprieties and violations of the Company's Code of Business Ethics can be reported. This function is aimed, among other things, at guaranteeing safety in the workplace, maintaining sound business ethics and curbing economic irregularities within SSAB, to the benefit of employees, customers, suppliers and shareholders.

Internal audit

SSAB's internal audit function reports directly to the Audit Committee and is functionally subordinate to the Chief Financial Officer. The activities of the internal audit are aimed at supporting value creation in the Group by evaluating the risk management, carrying out internal controls, and thereafter recommending improvements within these areas.

Similarly to the business organization, the internal audit is organized on a geographic basis and has units which plan and audit each business area. The overall Group audit activities are planned by the internal audit manager and carried out by each unit.

The internal audit function carries out and reports on audits in accordance with an audit plan adopted by the Audit Committee. These audits are carried out in accordance with a produced and adopted audit process which is regularly developed in order to optimize the work method and delivery of reports which generate added value. These reports describe observations, recommendations and improvement areas, with the aim of strengthening and enhancing efficiency in the risk management and internal control. In addition, the function also performs audits on instruction from management or as required for other reasons.

For a further description of the internal audit work in 2011, see the section entitled "The Board's description of the internal control and risk management regarding financial reporting".

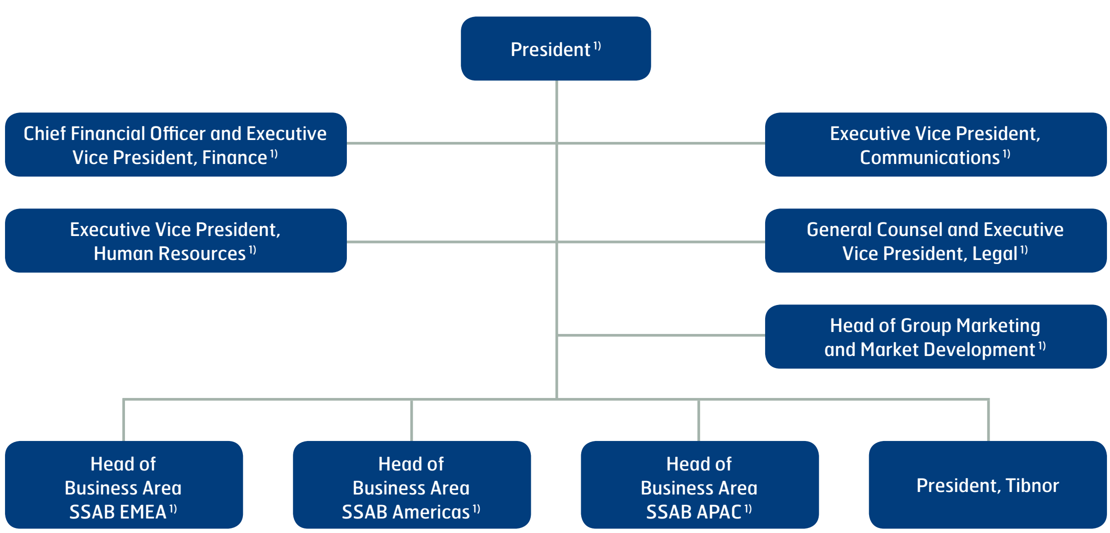
The Board's description of the internal control and risk management regarding financial reporting

In accordance with the Swedish Companies Act and the Swedish Code on Corporate Governance, the Board of Directors of SSAB is responsible for the internal control. This description has been prepared in accordance with the Annual Reports Act.

FRAMEWORK FOR INTERNAL CONTROL

SSAB complies with the internationally established framework, Internal Control – Integrated Framework, which is issued by the Committee of Sponsoring Organizations of the Treadway Commission ("COSO"). In accordance with COSO, SSAB's internal control process is based on five components: control environment, risk assessment, control activities, information and communication, and monitoring. SSAB's internal control process is structured in order to ensure, to a reasonable degree, the quality and accuracy of the financial reporting and to ensure that the reporting is prepared in accordance with applicable laws and regulations, accounting standards, as well as requirements imposed on listed companies in Sweden. Prerequisites for this being achieved are that a sound control environment is in place; that reliable risk assessments are carried out; that established control activities are carried out; and that information and communication, as well as monitoring, function satisfactorily.

The Group's operational management structure



[1] Member of the Group Executive Committee

CONTROL ENVIRONMENT

The control environment is characterized by the organization structure, management's work methods and philosophy, as well as other roles and responsibilities within the organization. The Audit Committee assists the Board with respect to important accounting issues which the Group applies, and monitors the internal control with respect to financial reporting. In order to maintain an efficient control environment and sound internal control, the Board of Directors has delegated the practical responsibility to the President, who in turn has delegated responsibility to other members of the Group Executive Committee as well as to Heads of Business Areas/subsidiaries.

In order to ensure the quality of the financial reporting, work takes place regularly on further developing policies and manuals for the entire Group; among other things, there is an accounting manual (Financial Guidelines) for the Group which is regularly updated and communicated within the Group. Apart from the Financial Guidelines, the most important overall control documents for the Group are the Finance policy, Investment policy, Information policy and the Code of Business Ethics. All business areas and subsidiaries have adopted guidelines with respect to business ethics issues. The work on clarifying the Group's Code of Business Ethics continued during 2011.

RISK ASSESSMENT

SSAB is an organization which is exposed to both internal and external risks. In order to appropriately ensure a sound internal control, the risks which may affect the financial reporting are identified, gauged and measures are taken. This constitutes an integral part of the regular reporting to Group Executive Committee and the Board and also constitutes the basis for the assessment of risks of error in the financial reporting. SSAB's operations are characterized by processes involving well-established routines and systems. The risk assessment thus takes place largely within these processes. Only general risk assessments take place on a Group level. Responsible persons in the Group identify, monitor and follow-up risks. This creates conditions for well-founded and correct commercial decisions at all levels. Financial risks such as currency, refinancing and counterparty risks, as well as interest rate and credit risks, are handled primarily by the parent company's treasury function in accordance with the Group's finance policy (see Note 27). For an outline of the Group's commercial risk exposure, see also the section entitled "Internal control and risk management" as well as the Report of the Directors, page 42.

CONTROL ACTIVITIES

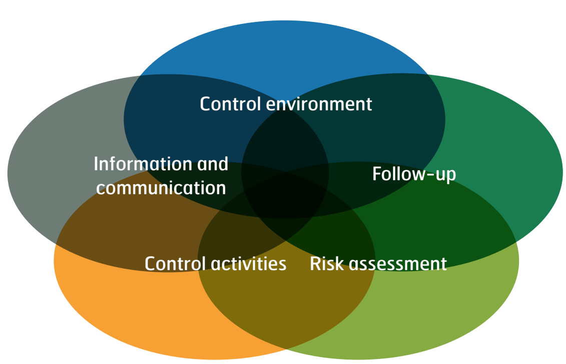
The primary purpose of control activities is to prevent and discover at an early stage significant errors in the financial reporting so that they can be addressed and rectified. Control activities, both manual and automated, take place on both overall and more detailed levels within the Group. Routines and activities have been designed in order to handle and rectify significant risks associated with the financial reporting as identified in the risk analysis. Corrective measures, implementation, documentation and quality assurance take place on a Group level, subsidiary level or process level, depending on the nature and affiliation of the control activity. As with other processes, the relevant head is responsible for the completeness and accuracy of the control activities.

As a consequence of the Group's reorganization in 2010, an in-depth analysis was conducted concerning the processes and control structures in group companies. The analysis has resulted in a more systematic work method for identifying financial risks and risks in financial reporting, and the manner in which controls are to be documented. Work is underway on implementing this work method.

The Group has a joint consolidation system in which all legal entities report, which provides a sound internal control over financial reporting. Work has also taken place in the Group concerning automation of more controls and processes, and limitations on authority in IT systems in accordance with express and ostensible powers.

Control activities are carried out at all levels in the Group. For example, there are established Controller functions which analyze and follow-up deviations and forward reports in the Company. Monitoring by the Group Executive Committee takes place, among other things, through regular meetings with heads of business areas and subsidiaries with regard to the operations, their financial position and results, as well as financial and operational key ratios. The Board of Directors analyses, among other things, business reports in which the Group Executive Committee describes the period that has elapsed and comments on the Group's financial position and results. In these ways, important fluctuations and deviations are followed up, a factor

Internal control process



which minimizes the risks of errors in the financial reporting.

The work on the closing accounts and the annual report involves processes in which there are additional risks of error in the financial reporting. This work is less repetitive in nature and contains several elements in the nature of an assessment. Important control activities include ensuring the existence of a well-functioning reporting structure in which the business areas/subsidiaries report in accordance with standardized reporting templates, and that important income statement and balance sheet items are specified and commented on.

INFORMATION AND COMMUNICATION

Externally

SSAB's communications must be correct, open and prompt, and provided simultaneously to all stakeholders. All communications must take place in accordance with Nasdaq OMX Stockholm's Rule Book for Issuers and in accordance with other regulations. The financial information must provide the capital market and stock market, as well as current and future shareholders, with a comprehensive and clear view of the Company, its operations, strategy and financial development.

The Board of Directors approves the Group's annual reports and half-yearly reports, and instructs the CEO to issue quarterly reports and results for the year in accordance with the Board's rules of procedure. All financial reports and press releases are published on the website (www.ssab.com) simultaneously with publication via Nasdaq OMX Stockholm and notification to the Swedish Financial Supervisory Authority.

Financial information regarding the Group may be provided only by the CEO and CFO, as well as by the Executive Vice President, Communications, and the Head of Investor Relations. The business areas/subsidiaries disseminate financial information regarding their operations only after the Group has published corresponding information.

The Company applies silent periods during which it does not communicate information regarding the Company's development. Silent periods are three weeks prior to publication of results for the year, half-yearly reports and quarterly reports.

In the event of a leakage of price-sensitive information or upon the occurrence of special events which may affect the valuation of the Company, Nasdaq OMX Stockholm will be notified, after which a press release containing the same information will be distributed. Informational activities are governed by an information policy.

Internally

Each business area and subsidiary has a chief financial officer who is responsible for maintaining a high quality and precision of delivery with respect to the financial reporting.

The local intranets constitute important communication channels in the Company on which information is published regularly. Regular joint Group accounting meetings are held with the chief financial officers of the business areas/subsidiaries. In this way, the business areas/subsidiaries are updated regarding news and changes within, among other things, the accounting area as well as routines and internal controls with respect to the financial reporting. In addition, the parent company regularly communicates changes in joint Group accounting principles and policies as well as other relevant issues relating to the financial reporting.

MONITORING

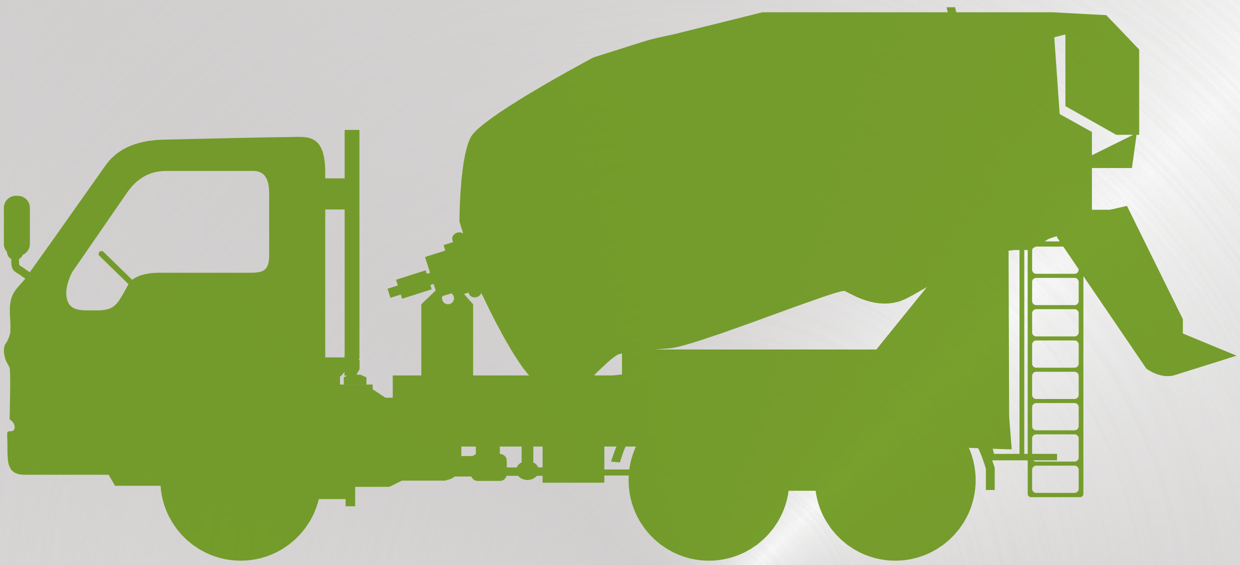
The Board's monitoring of the internal control with respect to financial reporting takes place primarily through the Audit Committee, among other things by monitoring the work of, and reports issued by, the internal and external auditors.

During 2011, the internal audit carried out regular independent and objective audits of the Group's corporate governance, internal control and risk management in accordance with the adopted audit plan. The audit plan for 2011 was based on a risk analysis which was supported by the heads of business areas and group management and subsequently adopted by the Audit Committee. The audits were carried out in accordance with an adopted audit process and formally concluded with a report and planned follow-up. The report has been presented regularly to heads of business areas and the Audit Committee with respect to observations, measures taken and implementation status. During 2011, an internal audit unit was also established in China, with responsibility for auditing within the SSAB APAC business area.

The external auditors follow-up each year selected parts of the internal control within the scope of the statutory audit. The external auditors report the results of their review to the Audit Committee and Group Executive Committee. Important observations are also reported directly to the Board of Directors. In 2011, the external auditors monitored the internal control in selected key processes and reported thereon to the Audit Committee and Group Executive Committee.

Further information regarding corporate governance in SSAB is available on www.ssab.com, including the following information:

- Routines regarding the Annual General Meeting (when the Annual General Meeting is to be held, notice to attend and registration procedure, as well as important decisions which are to be taken at the Annual General Meeting)
- Information from SSAB's previous Annual General Meetings (commencing 2005), including notices, minutes, addresses by the President and communiqués
- The by-laws
- Corporate governance reports from previous years
- Information regarding the Nomination Committee



Financial reports 2011

- Sales were up 12 percent to SEK 44,640 million
- Operating profit of SEK 2,512 million
- Profit after financial items of SEK 1,998 million
- Earnings per share of SEK 4.82
- Operating cash flow of SEK 2,821 million

Consolidated income statement

SEK millions	Note	2011	2010
Sales	1	44,640	39,883
Cost of goods sold [1]	2	-39,859	-35,928
Gross profit		**4,781**	**3,955**
Selling expenses	2	-1,509	-1,444
Administrative expenses [1]	2	-1,417	-1,390
Other operating income [1]	1, 25	941	489
Other operating expenses	2	-328	-535
Shares in earnings of affiliated companies and joint ventures after tax	3	44	57
Operating profit		**2,512**	**1,132**
Financial income	4	35	30
Financial expenses	4	-549	-432
Profit after financial items		**1,998**	**730**
Taxes [1]	5	-438	39
Profit for the year, continuing operations		**1,560**	**769**
Profit for the year, discontinued operations	25	**-**	**-164**
Profit for the year		**1,560**	**605**
Of which attributable to:			
• Parent Company's shareholders		1,560	557
• non-controlling interests		-	48
Earnings per share [2]	12, 29	**4.82**	**1.72**
• of which for continuing operations [2]		4.82	2.23
• of which for discontinued operations [2]		-	-0.51
Dividend per share – 2011 proposal		2.00	2.00

Consolidated statement of comprehensive income

SEK millions	Note	2011	2010
Profit for the year [1]		**1,560**	**605**
Other comprehensive income			
Translation differences for the period [1]		482	-1,759
Cash flow hedges		-102	181
Hedging of currency risks in foreign operations		-155	599
Actuarial gains and losses, pensions [1]		-2	-10
Share in other comprehensive income of affiliated companies and joint ventures		-18	-
Tax attributable to comprehensive income [1]	5	69	-202
Other comprehensive income for the year, net after tax		**274**	**-1,191**
Total comprehensive income for the year		**1,834**	**-586**
Of which attributable to:			
• Parent Company's shareholders [1]		1,834	-631
• non-controlling interests		-	45

[1] Adjustments have been done as a consequence of changed accounting principles. See Note 28.
[2] There are no outstanding share instruments and thus no dilution is relevant.

Consolidated balance sheet

SEK millions	Note	2011	2010 [1]	Jan 1, 2010 [1]
ASSETS				
Fixed assets				
Goodwill	6	18,911	18,643	19,701
Other intangible assets	6	3,638	4,309	5,374
Tangible fixed assets	7	18,693	17,063	17,137
Participations in affiliated companies	3, 8	349	395	348
Financial assets	8	106	77	55
Deferred tax receivables	14	702	160	164
Total fixed assets		**42,399**	**40,647**	**42,779**
Current assets				
Inventories	9	11,687	11,389	8,221
Accounts receivable	27	5,734	5,057	4,435
Prepaid expenses and accrued income	10	642	495	331
Current tax receivables		381	742	667
Other current interest-bearing receivables	11	458	971	-
Other current receivables	27	490	439	334
Cash and cash equivalents	11	1,648	1,314	3,652
Total current assets		**21,040**	**20,407**	**17,640**
TOTAL ASSETS		**63,439**	**61,054**	**60,419**
EQUITY AND LIABILITIES				
Equity	12			
Share capital		2,851	2,851	2,851
Other contributed funds		9,944	9,944	9,944
Reserves		-1,769	-2,041	-860
Retained earnings		19,742	19,075	18,849
Total equity for the shareholders in the Company		**30,768**	**29,829**	**30,784**
Non-controlling interests		**-**	**191**	**161**
TOTAL EQUITY		**30,768**	**30,020**	**30,945**
Long-term liabilities				
Long-term interest-bearing liabilities	16	16,940	16,786	14,878
Deferred income	17	543	55	56
Pension provisions	13	162	137	136
Deferred tax liabilities	14	4,919	4,952	5,283
Other long-term provisions	15	136	119	415
Total long-term liabilities		**22,700**	**22,049**	**20,768**
Current liabilities				
Current interest-bearing liabilities	16	3,607	2,977	3,998
Accounts payable	27	4,296	4,048	3,063
Accrued expenses and deferred income	17	1,671	1,521	1,327
Current tax liabilities		188	200	96
Other current liabilities	27	168	186	179
Current provisions	15	41	53	43
Total current liabilities		**9,971**	**8,985**	**8,706**
TOTAL EQUITY AND LIABILITIES		**63,439**	**61,054**	**60,419**
Pledged assets	21	41	41	40
Contingent liabilities	22	198	124	88

[1] Adjustments have been done as a consequence of changed accounting principles. See Note 28.

Consolidated statement of changes in equity

SEK millions	Note	Share capital	Other contributed funds	Reserves	Retained earnings	Total	Non-controlling interest	Total equity
Equity, January 1, 2010		2,851	9,944	-916	18,962	30,841	161	31,002
Adjustment opening balance, translation differences [1]	12			53	-53	-		-
Adjustment opening balance, change in accounting principles [2]	12, 28			3	-60	-57		-57
Adjusted equity, January 1, 2010		**2,851**	**9,944**	**-860**	**18,849**	**30,784**	**161**	**30,945**
Translation differences	12			-1,756		-1,756	-3	-1,759
Effect of cash flow hedge	12			181		181		181
Tax attributable to cash flow hedges	5,12			-48		-48		-48
Effects of hedging of currency risks in foreign operations	12			599		599		599
Tax on hedging of currency risks in foreign opertions	5,12			-157		-157		-157
Actuarial gains/losses pensions [2]	13				-10	-10		-10
Tax on actuarial gains/losses pensions [2]	5				3	3		3
Share in other comprehensive income in affiliated companies and joint ventures				0	0	0	0	0
Profit for the year					557	557	48	605
Total comprehensive income				**-1,181**	**550**	**-631**	**45**	**-586**
Dividend					-324	-324	-15	-339
Equity, December 31, 2010		2,851	9,944	-2,041	19,075	29,829	191	30,020
Equity, January 1, 2011		**2,851**	**9,944**	**-2,041**	**19,075**	**29,829**	**191**	**30,020**
Translation differences	12			482		482	-	482
Effect of cash flow hedge	12			-102		-102		-102
Tax attributable to cash flow hedges	5,12			27		27		27
Effects of hedging of currency risks in foreign operations	12			-155		-155		-155
Tax on hedging of currency risks in foreign opertions	5,12			41		41		41
Actuarial gains/losses pensions	13				-2	-2		-2
Tax on actuarial gains/losses pensions	5				1	1		1
Share in other comprehensive income in affiliated companies and joint ventures				-18		-18		-18
Profit for the year					1,560	1,560	-	1,560
Total comprehensive income				**275**	**1,559**	**1,834**	**-**	**1,834**
Dividend to non-controlling interests							**-45**	**-45**
Acquisition of non-controlling interests [3]				**-3**	**-244**	**-247**	**-146**	**-393**
Dividend					**-648**	**-648**		**-648**
Equity, December 31, 2011		**2,851**	**9,944**	**-1,769**	**19,742**	**30,768**	**-**	**30,768**

[1] Relates to adjustment of error between currency translation and retained earnings.
[2] Adjustments have been done as a consequence of changed accounting principles. See Note 28.
[3] The minority stake in Tibnor was acquired in May 2011.

Consolidated cash flow statement

SEK millions	Note	2011	2010
BUSINESS OPERATIONS			
Profit from operating activities			
Operating profit [1]		2,512	1,132
Reversal of non-cash items			
• Non distributed shares in affiliated companies' earnings		-40	-54
• Depreciation, amortization and write-down of fixed assets	6, 7	2,377	2,433
• Profit upon sale of subsidiaries and affiliated companies		-	-28
• Change in provisions [1]		26	-288
• Other reversals		81	268
Interest received		22	8
Interest paid		-503	-400
Tax paid [1]		-140	-167
		4,335	**2,904**
Working capital			
Inventories (+ decrease)		-239	-3,363
Accounts receivable (+ decrease)		-541	-1,095
Accounts payable (+ increase)		64	1,515
Other current receivables (+ decrease)		-71	-264
Other current liabilities (+ increase)		-40	355
		-827	**-2,852**
CASH FLOW FROM OPERATING ACTIVITIES		**3,508**	**52**
INVESTING ACTIVITIES			
Investments in plants and machinery	6, 7	-3,111	-2,011
Sale of plants and machinery		1	50
Acquisition of businesses and operations	24	-99	-
Divested businesses and operations	25	-	-559
Other long-term receivables (+ decrease)		-30	7
CASH FLOW FROM INVESTING ACTIVITIES		**-3,239**	**-2,513**
FINANCING ACTIVITIES			
Dividend to shareholders		-648	-324
New loans	16	2,453	5,429
Repayment/amortization of loans	16	-1,781	-4,001
Financial investments		511	-1,029
Acquisition of non-controlling interests [2]		-393	-
Other financing (+ increase)		-74	48
CASH FLOW FROM FINANCING ACTIVITIES		**68**	**123**
CASH AND CASH EQUIVALENTS			
Balance, January 1		1,314	3,652
Cash flow from operating activities		3,508	52
Cash flow from investing activities		-3,239	-2,513
Cash flow from financing activities		68	123
Translation differences, cash and cash equivalents		-3	0
Balance, December 31	11	**1,648**	**1,314**
Contracted, non-utilized overdraft facilities		11,693	12,205
DISPOSABLE CASH AND CASH EQUIVALENTS		**13,341**	**13,519**

[1] Adjustment have been done as a consequence of changed accounting principles. See Note 28.
[2] The minority stake in Tibnor was acquired in May 2011.

Parent Company's income statement

SEK millions	Note	2011	2010
Gross profit		-	-
Administrative expenses	2	-219	-202
Other operating income	1	374	2,089
Other operating expenses	2	0	-164
Operating profit		**155**	**1,723**
Dividend from subsidiaries	4	266	98
Financial items [1]	4	-23	-308
Profit after financial items		**398**	**1,513**
Appropriations	23	33	-42
Profit before tax		**431**	**1,471**
Tax [1]	5	-40	118
Profit for the year		**391**	**1,589**

Parent Company's other comprehensive income

SEK millions	2011	2010
Profit for the year [1]	**391**	**1,589**
Other comprehensive income		
Hedging of currency risks in foreign operations	-155	599
Cash flow hedges	-13	-
Tax attributable to other comperehensive income	44	-157
Other comprehensive income for the year, net after tax	**-124**	**442**
Total comprehensive income for the year	**267**	**2,031**

[1] Adjustments have been done as a consequence of changed accounting principles. See Note 28.

Parent Company's balance sheet

SEK millions	Note	2011	2010	Jan 1, 2010
ASSETS				
Fixed assets				
Tangible fixed assets	7	2	4	4
Financial assets	8	39,196	38,799	36,758
Long-term receivables from subsidiaries		80	14	23
Deferred tax receivables	14	4	1	1
Total fixed assets		**39,282**	**38,818**	**36,786**
Current assets				
Accounts receivable	27	0	-	-
Current receivables from subsidiaries		14,384	12,602	10,027
Prepaid expenses and accrued income	10	71	41	79
Current tax receivables		1	0	1
Other current receivables	27	7	4	2
Cash and cash equivalents	11	999	843	2,184
Total current assets		**15,462**	**13,490**	**12,293**
TOTAL ASSETS		**54,744**	**52,308**	**49,079**
EQUITY AND LIABILITIES				
Equity				
Restricted equity				
• Share capital		2,851	2,851	2,851
• Statutory reserve		902	902	902
Unrestricted equity				
• Retained earnings [1]		26,462	25,645	25,704
• Profit for the year [1]		391	1,589	-176
TOTAL EQUITY		**30,606**	**30,987**	**29,281**
Untaxed reserves	**23**	**661**	**694**	**652**
Provisions				
Pension provisions	13	3	4	5
Other long-term provisions	15	67	67	355
Total provisions		**70**	**71**	**360**
Long-term liabilities				
Liabilities to subsidiaries		0	1	1
Other long-term interest-bearing liabilities	16	15,068	16,383	14,596
Total long-term liabilities		**15,068**	**16,384**	**14,597**
Current liabilities				
Accounts payable	27	8	10	9
Liabilities to subsidiaries		4,690	2,258	1,237
Current interest-bearing liabilities	16	3,466	1,743	2,863
Accrued expenses and deferred income	17	147	88	61
Current tax liabilities		-	37	0
Other current liabilities	27	3	6	4
Current provisions	15	25	30	15
Total current liabilities		**8,339**	**4,172**	**4,189**
TOTAL EQUITY AND LIABILITIES		**54,744**	**52,308**	**49,079**
Pledged assets	21	-	-	-
Contingent liabilities	22	2,244	631	422

[1] Adjustments have been done as a consequence of changed accounting principles. See Note 28.

Parent Company's changes in equity

		Restricted equity		Unrestricted equity		
SEK millions	Note	Share capital	Statutory reserve	Retained earnings	Profit for the year	Total
Equity, January 1, 2010		2,851	902	25,380	148	29,281
Adjustment opening balance, change in accounting principle				324	-324	-
Adjusted Equity, January 1, 2010		**2,851**	**902**	**25,704**	**-176**	**29,281**
Effect of hedging of currency risks in foreign operations				599	-	599
Tax on hedging of currency risks in foreign operations				-157	-	-157
Profit for the year					1,589	1,589
Total comprehensive income		-	-	**442**	**1,589**	**2,031**
Retained earnings from previous year				-176	176	-
Dividend	12			-324	-	-324
Equity, December 31, 2010		**2,851**	**902**	**25,646**	**1,589**	**30,988**
Equity, January 1, 2011		**2,851**	**902**	**25,646**	**1,589**	**30,988**
Effect of hedging of currency risks in foreign operations				-155		-155
Tax on hedging of currency risks in foreign operations				41		41
Cash flow hedges				-13		-13
Tax on cash flow hedges				3		3
Profit for the year					391	391
Total comprehensive income		**-**	**-**	**-124**	**391**	**267**
Retained earnings from previous year				**1,589**	**-1,589**	**-**
Dividend	12			**-648**	**-**	**-648**
Equity, December 31, 2011		**2,851**	**902**	**26,463**	**391**	**30,607**

Retained earnings include a premium reserve of SEK 9,391 (9,391) million and a fair value reserve of SEK 1,890 (2,015) million.

Parent Company's cash flow statement

SEK millions	Note	2011	2010
BUSINESS OPERATIONS			
Profit from operating activities			
Operating profit [1]		155	1,723
Reversal of non-cash items:			
• Depreciation of tangible fixed assets	7	2	2
• Profit upon sale of subsidiaries and affiliated companies		-	-2,010
• Change in provisions		-7	-273
• Other reversals		0	431
Reveived/paid group contributions		-75	-
Interest received		414	96
Interest paid		-537	-386
Tax paid		-37	0
		-85	**-417**
Working capital			
Accounts receivable (+ decrease)		0	0
Accounts payable (+ increase)		-2	1
Other current receivables (+ decrease)		-3	61
Other current liabilities (+ increase)		-22	8
Commercial intra-group transactions		32	-40
		5	**30**
CASH FLOW FROM OPERATING ACTIVITIES		**-80**	**-387**
INVESTING ACTIVITIES			
Investments in fixed assets	7	0	-2
Divested businesses and operations	25	-	2,919
CASH FLOW FROM INVESTING ACTIVITIES		**0**	**2,917**
FINANCING ACTIVITIES			
Dividends to shareholders		-648	-324
Dividends from subsidiaries		266	98
Shareholder contributions to subsidiaries		-	-3,511
New loans		2,001	4,025
Repayments/amortization of loans		-1,743	-2,863
Financial intra-group transactions		736	-1,424
Acquisition of non-controlling interests [2]		-393	-
Other financing (+ increase)		17	128
CASH FLOW FROM FINANCING ACTIVITIES		**236**	**-3,871**
CASH AND CASH EQUIVALENTS			
Balance, January 1		843	2,184
Cash flow from operating activities		-80	-387
Cash flow from investing activities		0	2,917
Cash flow from financing activities		236	-3,871
Balance, December 31	11	**999**	**843**
Contracted, non-utilized overdraft facilities		11,693	12,205
DISPOSABLE CASH AND CASH EQUIVALENTS		**12,692**	**13,048**

1) Adjustments have been done as a consequence of changed accounting principle. See Note 28.
2) The minority stake in Tibnor was acquired in May 2011.

5-year summary, Group

	2011	2010 [3]	2009	2008 [4]	2007 [4]
Sales (SEK millions)	**44,640**	39,883	29,838	54,329	40,441
Operating profit (SEK millions)	**2,512**	1,132	-1,592	9,516	7,923
Profit after financial items (SEK millions)	**1,998**	730	-2,061	8,953	6,964
Profit after tax for shareholders in the Company (SEK millions) [1]	**1,560**	557	-1,002	6,935	4,560
Investments in plant and operations (SEK millions)	**3,210**	2,011	1,912	2,606	57,592
Cash flow from current operations (SEK millions)	**2,200**	-731	3,387	5,387	3,574
Net debt (SEK millions)	**18,475**	17,589	15,314	16,992	43,643
Capital employed at year-end (SEK millions)	**51,558**	49,969	50,015	55,511	74,390
Total assets (SEK millions)	**63,439**	61,054	60,419	69,255	91,706
Return on capital employed before tax (%)	**5**	2	neg	17	18
Return on equity after tax (%)	**5**	2	neg	22	22
Equity ratio (%)	**49**	49	51	51	32
Net debt/equity ratio (%)	**60**	59	49	48	150
Dividend per share (SEK), 2011 - proposal	**2.00**	2.00	1.00	4.00	5.00
Earnings per share (SEK)	**4.82**	1.72	-3.09	21.41	15.36
Average number of employees	**8,830**	8,477	8,334	9,172	8,663
Sales per average employee (SEK millions)	**5.1**	4.7	3.6	5.9	4.7
Production of crude steel (thousand tonnes) [2]	**5,671**	5,752	3,553	6,074	6,540

[1] Earnings from the discontinued tubular business in IPSCO impacted on earnings for 2010 in the amount of SEK -164 million, 2009 in the amount of SEK -131 million and for 2008 in the amount of SEK 490 million.
[2] 2007 includes "old SSAB" with 3,957 thousand tonnes and SSAB North America for the full year of 2007 with 2,583 thousand tonnes.
[3] Adjustments have been done as a consequence of changed accounting principles. See Note 28. The years, 2007–2009, have not been adjusted.
[4] Excluding the divested tubular business.

Accounting and valuation principles

The most important accounting principles applied in the preparation of these consolidated financial statements are set forth below. Unless otherwise stated, these principles have been applied consistently with respect to all presented years.

General information

SSAB AB (publ) is a limited liability company with its registered office in Stockholm, Sweden. The parent company is listed on NASDAQ OMX Stockholm.

Principles for preparation of the report

The consolidated financial statements have been prepared in accordance with the Swedish Annual Reports Act as well as International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB) with interpretation statements issued by the International Financial Reporting Interpretations Committee (IFRIC), as such have been adopted by the EU. In addition, the Swedish Financial Reporting Board's recommendation RFR 1 Supplementary Accounting Rules for Groups, has been applied.

Accounting standards and applications introduced during the year have had a marginal impact on the Group's earnings and financial position. However, also see Changes in accounting principles below.

The consolidated financial statements have been prepared in accordance with the acquisition value method, other than with respect to certain financial assets and liabilities (including derivative instruments), which are valued at fair value via the income statement.

The preparation of reports in accordance with IFRS requires the use of a number of important estimations for accounting purposes. In addition, management must make certain assessments in conjunction with the application of the Group's accounting principles. Those areas that include a high degree of assessment, which are complex, or in which assumptions and estimations are of material significance for the consolidated financial statements are stated in Note 29.

The parent company applies the same accounting principles as the Group, except where stated below in a particular section. The differences that exist between the principles applied by the parent company and the Group are due to limitations on the possibilities to apply IFRS to the parent company as a consequence of the provisions of the Swedish Annual Reports Act and the Swedish Pension Obligations (Security) Act and also, in certain cases, for tax reasons. In addition, the Swedish Financial Reporting Board's recommendation RFR 2, Accounting for Legal Entities, has been applied.

Changes in accounting principles

The Group has changed its accounting principle regarding the reporting of actuarial profits/losses arising in conjunction with the determination of the present value of pension obligations and fair value of managed assets. As a result of the change, Operating profit and Profit after tax for the comparison year 2010 have increased by SEK 8 million and 5 million respectively. Additional information is provided in Note 13 and Note 28.

The Group has also changed accounting principles regarding the reporting of tax credits related to capital expenditures which are being made in Mobile, Alabama, USA. As a result of the change in accounting principles, operating profit for the comparison year 2010 has increased by SEK 40 million and profit after tax by SEK 0 million. At the same time, a new appraisal has been made of the future tax credits and these are now booked in the balance sheet at SEK 542 (55) million. Further information is provided in Note 28.

Due to a change in RFR 2, the Group has changed accounting principle as regards the reporting of group contributions. The change is applicable commencing January 1, 2011 and the comparison year 2010 has been adjusted. As a result of the change in accounting principle, the parent company's profit after tax for the comparison year 2010 has been reduced by SEK 56 million. The equity is not affected. Additional information is provided in Note 28. In accordance with IAS 1, a balance sheet as of January 1, 2010 is disclosed as a consequence of changes in accounting principles.

Standards, changes and interpretations that entered into force in 2011 and are relevant to the Group

- IAS 24 (Revised), "Party Related Disclosures": This amendment applies commencing January 1, 2011. The change entails, among other things, a clearer definition of 'related party'. The Group applies IAS 24 (Revised) as from the financial year commencing on January 1, 2011. The revised standard has had no impact on the Group's financial statements, but might have an impact in the future.
- IFRS 7 (Revised), "Financial instruments": This amendment applies commencing January 1, 2011. The amendment emphasizes the interaction between quantitative and qualitative disclosures about the nature and extent of risks associated with financial instruments. The change only had a limited effect on the disclosure of the Group's financial statements.

Consolidated financial statements

The consolidated financial statements cover SSAB AB (publ) and the companies in which the Group is entitled to formulate financial and operational strategies in a manner which is normally associated with a shareholding in excess of 50 percent of the voting capital. Companies in which the Group exercises a significant but not controlling influence are reported as affiliated companies; this is normally the case where shares are held equal to between 20 percent and 50 percent of the voting capital. Those companies in which the Group, together with one or more co-owners, is bound by a cooperation agreement which provides that the co-owners shall jointly exercise a controlling influence, are reported as joint ventures.

SUBSIDIARIES

The Group's annual 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 fair value of identifiable assets, liabilities and potential obligations - is eliminated in its entirety against the acquisition price. Those surpluses that comprise the difference between the acquisition value and the fair value of the Group's share of identifiable acquired assets, liabilities and potential obligations are reported as goodwill. If the acquisition price is below the fair value of the net assets of the acquired subsidiary, the difference is reported directly in the income statement. The group recognizes any non-controlling interest in the acquiree on an acquisition- by-acquisition basis, either at fair value or at the non-controlling interest's proportionate share of the recognized amounts of acquiree's identifiable net assets. Acquisition related costs are expensed as incurred.

Goodwill is initially measured as the excess of the aggregate of the consideration transferred and the fair value of non-controlling interest over the net identifiable assets acquired and liabilities assumed. Acquired companies are included in the consolidated financial statements commencing the date on which a controlling influence is obtained, while sold companies are reported up to the date on which the controlling influence ceases.

Intra-group transactions, dealings and unrealized profits are eliminated in the consolidated financial statements. Unrealized losses are also eliminated unless the transaction constitutes evidence of impairment of the transferred asset. Where appropriate, the accounting principles for subsidiaries have been changed in order to ensure a consistent application of the Group's principles.

In the consolidated cash flow statement, the purchase price with respect to acquired or sold operations is reported under the headings "Acquisition of business and operations" and "Divested businesses and operations". Thus, the assets and liabilities of the acquired/sold companies at the time of the acquisition/sale are not included in the cash flow statement.

AFFILIATED COMPANIES AND JOINT VENTURES

Affiliated companies and joint ventures are reported in accordance with the equity method and valued initially at acquisition value. The equity method entails that the Group's book value of the shares in affiliated companies and joint ventures corresponds to the Group's share in the equity of the affiliated companies and joint ventures and, where appropriate, the residual value of surplus values or under-values from a Group perspective, including goodwill. The Group's share in the earnings of affiliated companies and joint ventures which arises after the acquisition is reported in the income statement. In the consolidated income statement, "Shares in earnings of affiliated companies and joint ventures after tax" comprise the Group's share in the post-tax earnings of the affiliated company or joint venture. Shares in the earnings of affiliated companies and joint ventures are reported in the operating profit when operations in affiliated companies and joint ventures are related to SSAB's operations and considered to be of a business nature. Any intra-group profits are eliminated in relation to the share of equity held.

In the parent company, affiliated companies and joint ventures are reported in accordance with the acquisition value method.

Transactions in foreign currencies

Items included in the financial statements for the various units in the Group are valued in the currency used in the economic environment in which the company in question primarily operates (functional currency). Swedish kronor are used in the consolidated financial statements; this is the functional currency and reporting currency of the parent company.

Transactions in foreign currency are reported at the exchange rate prevailing on the transaction date. In certain cases, the actual rate is approximated to the average rate during a month. At the end of the month, receivables and liabilities in foreign currency are translated in accordance with the closing day rate at that time. Exchange rate differences relating to the business are reported in the operating profit, while differences attributable to financial assets and liabilities are reported as a net sum among financial items.

The income statements of foreign subsidiaries are translated into Swedish kronor at the average exchange rates for the year, while their balance sheets are translated into Swedish kronor at the closing day rates. Any translation differences that arise are transferred directly to the consolidated statement of comprehensive income and reported in the item "Translation reserve".

Loans or other financial instruments taken up in order to hedge net assets in foreign subsidiaries are reported in the consolidated financial statements at the closing day rate. Any exchange rate differences less deferred taxes are transferred directly to other comprehensive income and thereby set off against the translation differences which arise in conjunction with the translation of these subsidiaries' balance sheets into Swedish kronor.

Upon sales of foreign subsidiaries, the total translation differences that relate to the foreign subsidiary are reported as a part of capital gains/losses in the consolidated income statement.

Goodwill and adjustments of assets and liabilities to fair value in connection with the acquisition of foreign subsidiaries are treated as assets and liabilities in the foreign operations and thus translated in accordance with the same principles as the foreign subsidiaries.

Revenue recognition

Sales are reported after the crucial risks and benefit associated with title are transferred to the buyer and no right of disposition or possibility of actual control over the goods remains. In most cases, this means that sales are reported upon delivery of the goods to the customer in accordance with agreed delivery terms and conditions. The sale is reported less value added tax, discounts, returns and freight, including exchange rate differences from forward contracts which are entered into in order to hedge sales in foreign currency. Intra-group sales are eliminated in the consolidated financial statements.

With respect to revenue other than from sales of goods, interest income is recognized in accordance with the effective return and dividends are reported when the entitlement to the dividend is established. Regarding dividends from subsidiaries, see the section entitled "Dividends".

Pricing between Group companies

Arm's length pricing is applied to deliveries of goods and services between companies in the Group.

Government assistance

Government assistance and grants are reported at fair value when there is reasonable certainty that the grant will be received and that the Group will fulfill the conditions attached to the grant.

Government assistance and grants are allocated over the same period as the expenses which the grants are intended to reimburse. Grants provided as compensation for expenses are recognized in the income statement as an expense reduction. Grants related to assets are recognized in the balance sheet through a reduction in the reported value of the assets.

Research and development expenses

Research and development expenses are booked as they are incurred. Development expenses may be capitalized under certain strict conditions. However, this requires, among other things, that future economic benefits can be demonstrated at the time the expenses are incurred. The projects that take place are short-term in nature and do not involve significant amounts, and thus development expenditures are also booked as costs.

Software development expenses

Expenses for development and acquisition of new software are capitalized and reported as an intangible asset provided they have a significant value for the Company in the future and they can be deemed to have a useful life in excess of three years. These capitalized expenses are depreciated on a straight-line basis over the assessed useful life. Expenses for training and software maintenance are, however, booked directly as costs.

Tangible fixed assets

Tangible fixed assets are reported at acquisition value less deduction for accumulated depreciation and any accumulated impairment. Depreciation is based on the acquisition value of the assets and estimated useful life. If major investments include components, an assessment must always be made as to whether the useful life of the component differs from that of the entire facility. The acquisition value includes expenditures directly attributable to the acquisition of the asset. Any borrowing costs in conjunction with the construction and design of non-current assets, a significant portion of which is required for completion for use or sale, are added as a part of the acquisition cost of the asset. Restoration expenses in connection with disposals of non-current assets are included in the acquisition value only where the criteria for making a provision for such restoration expenses may be deemed fulfilled. Additional expenditures for acquiring replacement components are added to the reported value of the fixed asset or recognized as a separate asset only where it is likely that the Group will enjoy the future economic benefits associated with the asset and the acquisition value of the asset can be measured in a reliable manner. The reported value for the replaced part is removed from the balance sheet. All other forms of repairs and maintenance are recognized as expenses in the income statement during the period in which they occur.

Land is assumed to have a perpetual period of use and thus is not depreciated. Other tangible fixed assets are classified into groups for calculation of depreciation based on their estimated useful life, in accordance with the following table.

Examples of items	Estimated use, years
Vehicles, office equipment and computers	3–5
Light machinery	5–12
Heavy machinery:	
• Re-ligning of blast furnaces	12–15
• Steel furnaces, rolling mills and cranes	15–20
• Blast furnaces and coke ovens	15–20
Land improvement	20
Buildings	25–50

The useful life of the assets is reviewed annually and adjusted where required. The assets are normally depreciated to zero without any remaining residual value.

The straight line depreciation method is used for all types of tangible fixed assets with a limited useful life. Where the book value of an asset exceeds the expected recovery value, the asset is written down to such value.

Capital gains and capital losses upon the sale of tangible fixed assets are determined by comparing the revenue from the sale with the reported value; this is reported in the income statement as "Other operating income" or "Other operating expenses".

Intangible assets

Similarly, intangible assets are classified in two groups, with assets with a determinable useful life being amortized over a determined useful life, while assets with an undeterminable useful life are not amortized at all.

GOODWILL

In a business combination, the consideration transferred is valued to fair value. Goodwill comprises the amount by which the acquisition value (consideration) exceeds the fair value of the Group's share of the identifiable net assets of the acquired subsidiary at the time of the acquisition, that are not individually identified and disclosed separately. Goodwill upon the acquisition of a subsidiary is reported as an intangible asset.

Goodwill is reviewed annually to identify any impairment and reported at acquisition value less accumulated impairment. Also, goodwill impairment reviews are undertaken more frequently if events or changes in circumstances indicate a potential impairment. Goodwill impairment is recognised as an expense is not reversed. Profits or losses upon the sale of a unit include the remaining reported value of the goodwill which relates to the sold unit.

When testing for any impairment, goodwill is allocated over cash-generating units. The allocation is made on the cash-generating units or groups of cash-generating units which are expected to benefit from the business combination which gave rise to the goodwill item. Goodwill is monitored on a business area level.

CUSTOMER RELATIONS

Acquired customer relations are reported at acquisition value. Customer relations have a determinable useful life and are reported at acquisition value less accumulated amortization. Straight line amortization is applied to allocate the costs for customer relations over their assessed useful life (six to twelve years).

TRADEMARKS

Acquired trademarks and licenses are reported at acquisition value. Trademarks and licenses have a determinable useful life and are reported at acquisition value less accumulated amortization. Straight line amortization is applied to allocate the costs for trademarks over their assessed useful life and licenses are amortized over the term of the agreement (five to ten years).

SOFTWARE

Acquired software licenses are capitalized on the basis of the costs incurred upon acquisition and placement into operation of the relevant software. These capitalized costs are amortized on a straight line basis over the assessed useful life (three to five years).

OTHER INTANGIBLE ASSETS

Other intangible assets are reported at acquisition value less accumulated amortization. Straight line amortization is applied to allocate the costs over their assessed useful life (five to fifteen years).

Impairment of non-financial assets

Intangible assets with an undeterminable useful life (including goodwill) are not amortized but, rather, tested annually for any impairment or otherwise where signs indicate impairment. Other non-financial assets with an undeterminable useful life are tested when signs indicate impairment. Amortized assets are tested for impairment when signs indicate impairment. Where the estimated recovery value is less than the reported value, the asset is written down to the recovery value. Testing of the value of an asset with an undeterminable useful life may also result in the asset being reclassified as an asset with a determinable useful life. The asset's period of use is then calculated and amortization commences. The recovery value is the asset's fair value reduced by selling expenses, or its useful value, whichever is higher. When testing for impairment, assets are grouped on the lowest levels for which there are separately identifiable cash flows (cash-generating units). With respect to assets other than financial assets and goodwill which have previously been impaired, an annual test is conducted as to whether a reversal should be made.

Leased assets

Expenses for fixed assets that are leased instead of owned are reported primarily as lease expenses on a straight line basis over the leasing period (operational leasing). Where lease agreements contain terms and conditions pursuant to which the Group enjoys 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' and depreciated over the useful life (the economic life or the outstanding leasing period, whichever is the shorter). At the beginning of the leasing period, financial leasing is reported in the balance sheet at the leased object's fair value or the present value of the minimum leasing charges, whichever is lower. Each lease payment is divided into interest payment and repayment of the debt; interest is allocated over the leasing period. Corresponding payment obligations, less deductions for financial expenses, are included in the balance sheet items, "Current interest-bearing liabilities" and "Long-term interest-bearing liabilities".

In the parent company, all leasing agreements are reported as operational.

Financial assets

Financial assets include cash and cash equivalents, accounts receivable, shares and participations, loan claims and derivative instruments. They are reported initially at an acquisition value corresponding to the fair value of the asset plus a supplement for transaction costs, with the exception of assets that are valued at fair value. Reporting thereafter takes place depending on the classification of the asset. Financial assets are removed from the balance sheet when the debt/instrument is finally paid or ceases to apply or is transferred through all risks and benefits being assigned to an external party.

Spot purchases and sales of financial assets are reported on the settlement day, i.e. the day on which the asset is delivered. Accounts receivable are reported in the balance sheet when an invoice has been issued.

The fair value of listed financial assets corresponds to the asset's listed transaction price on the balance sheet date. The fair value of unlisted financial assets is determined through use of valuation techniques, for example, recently conducted transactions, prices of similar instruments and discounted cash flows.

Financial assets are classified in four valuation categories: "holdings valued at fair value via the income statement", "holdings to maturity", "loan claims and accounts receivable" and "assets for sale".

- Holdings valued at fair value via the income statement: Assets that are acquired primarily in order to enjoy profits upon short-term price fluctuations, holdings for trading, are classified as "Holdings valued at fair value via the income statement" and reported as short-term investments if the term to maturity on the acquisition date is less than three months and as "Other interest-bearing current receivables" if the term to maturity is between three and twelve months. Derivative instruments are classified as holdings for trading except where used for hedge accounting. Assets in this category are valued regularly at fair value and changes in value are reported in the income statement. Derivative instruments taken up in respect of business-related items are reported in the operating profit, while derivative instruments of a financial nature are reported in financial items. Assets in this category are included in current assets, with the exception of items with maturity dates more than twelve months after the balance sheet date, which are classified as non-current assets.
- Holdings to maturity: Assets with a fixed maturity date and which are intended to be held until maturity are classified as "holdings to maturity" and reported as financial non-current assets, except those parts that mature within twelve months; these are reported as "Other current interest-bearing receivables". Assets in this category are valued at the accrued acquisition value. The accrued acquisition value is determined based on the effective interest rate, which is calculated on the acquisition date. The Group held no instruments in this category during 2011 or 2010.
- Loan claims and accounts receivable: Loan claims and accounts receivable are financial assets that are not derivative instruments, which have fixed or determinable payments and which are not listed on an active market. The claims arise when cash, goods or services are provided directly to the debtor without an intention of trading in the receivables. Just as with the preceding category, assets in this category are valued at the accrued acquisition value. They are included in current assets, with the exception of items with maturity dates more than twelve months after the balance sheet date, which are classified as non-current assets.
- Assets available for sale: Assets without a fixed term to maturity but which can be sold should liquidity needs arise or upon changes in interest rates are classified as "available for sale" and reported as financial assets (non-current). Assets in this category are valued regularly at fair value with changes in value in other comprehensive income. Upon removal of the investments from the balance sheet, any accumulated profit or loss previously reported in comprehensive income is reversed to the income statement. They are included in current assets, with the exception of items with maturity dates more than twelve months after the balance sheet date, which are classified as fixed assets. The Group held no instruments in this category during 2011 or 2010.

OTHER SHARES AND PARTICIPATIONS

Consist primarily of investments in equity instruments which do not have a listed market price and the fair value of which cannot be calculated in a reliable manner. They are valued at acquisition value.

LONG-TERM RECEIVABLES

Long-term receivables are receivables held with no intention to trade the right to claim. Parts where the remaining holding period is less than one year is included in "Current interest bearing receivables" . The receivables pertain to the category "Loan claims and accounts receivable".

ACCOUNTS RECEIVABLES

Accounts receivable are classified in the category, "Loan claims and accounts receivable". Accounts receivable are reported initially at fair value and accounts receivable in excess of twelve months are reported at the accrued acquisition value applying the effective interest rate method, less any provisions for reduction in value. The Company has had no accounts receivable with a due date in excess of twelve months. Any impairment of accounts receivable takes place in selling expenses in the income statement.

CASH AND CASH EQUIVALENTS

'Cash and cash equivalents' include cash, immediately accessible bank balances as well as other short-term deposits with an original term to maturity of less than three months (short-term investments). Investments with an original term to maturity of between three and twelve months are reported under "Other current interest-bearing receivables" and classified as assets valued at the fair value via the income statement. Overdraft facilities are reported in the balance sheet as borrowing among "Current interest-bearing liabilities".

IMPAIRMENT OF FINANCIAL ASSETS

The Group regularly assesses whether there is any objective evidence for impairment of a financial asset or a group of financial assets. With respect to investments in equity instruments which are valued at acquisition value, a significant or prolonged decline in the fair value of a share to a level below its acquisition value is considered to be evidence of impairment. If such evidence exists, the difference between the reported value and the current fair value is reported in the income statement. Impairment of equity instruments is not reversed. Tests for impairment of accounts receivable are based on an individual assessment of bad debts. The size of the provision comprises the difference between the reported value of the asset and the present value of estimated future cash flows, discounted applying an effective interest rate. The remaining amount is reported in the income statement.

Inventories

Inventories are valued at the lower of acquisition cost and net realizable value, with the acquisition value being calculated in accordance with the FIFO method (first in, first out). When calculating the acquisition value, a weighted average value is normally used to approximate FIFO.

The net realizable value is normally calculated as the sales price less production and selling expenses. With respect to raw materials and products in the trading operations, the replacement cost is used as the best gauge of the net realizable value. However, raw materials are not written down below the acquisition value where the end product in which they are included is expected to be sold at a price which exceeds the manufacturing cost. Work in progress and finished inventories are valued at the manufacturing cost or the net realizable value, whichever is lower. Necessary provision is made for obsolescence.

The acquisition value of inventories includes all costs for purchasing, production and other expenses incurred in bringing the goods to their current location and condition.

Employee benefits

PENSIONS

Within the Group there are both contribution-based and benefit-based pension plans. Generally, the plans are financed through payments to insurance companies or manager-administered funds.

In the contribution-based plans, fixed fees are paid to a separate legal entity and there is no obligation, legal or informal, to pay any additional fees. In the contribution-based plans, payments are recognized as an expense during the period when the employees have performed the services to which the fees relate. Blue collar employees in Sweden are covered by such a contribution-based plan.

In the benefit-based plans, compensation is payable to employees and former employees based on salary at the time of retirement and number of years in service. The Group bears the risk that the costs for the promised payments will be higher than estimated.

In the consolidated balance sheet, the net of the estimated present value of the obligations and fair value of the managed assets is reported either as a long-term provision or as a long-term financial claim. In those cases where a surplus in a plan cannot be utilized in full, only that part of the surplus which can be recovered through reduced future fees or refunds is reported. Set-off of a surplus in one plan against a deficit in another plan takes place only where a right of set-off exists.

Pension expenses and pension obligations for benefit-based plans are calculated in accordance with the Projected Unit Credit Method. The method allocates pension expenses as the employees perform the services that increase their entitlement to future compensation. The obligation is calculated by independent actuaries and constitutes the present value of the anticipated future disbursements. The discount rate that is applied corresponds to the rate of interest on government bonds with a term to maturity which corresponds to the average term for the obligations. The most important actuarial assumptions are stated in Note 13.

Actuarial gains or losses may arise upon determination of the present value of the obligations and the fair value of the managed assets. These arise either as a consequence of the actual result differing from previously made assumptions, or due to changes in the assumptions. Such actuarial gains and losses are recognized in their entirety in the Group's Other comprehensive income when they arise.

White collar personnel in Sweden are covered by a collective benefit-based plan, the ITP (supplementary pensions for salaried employees) plan. The ITP plan has been financed through the purchase of pension insurance with the mutual insurance company, Alecta. However, at present no information is available which makes it possible to report this plan as a benefit-based plan. Accordingly, the plan is reported as a contributions-based plan, and thus premiums paid to Alecta during the year are reported as pension expenses.

The parent company and other legal entities within the Group report benefit-based pension plans in accordance with the local rules in each country

PROFIT SHARES AND VARIABLE SALARY

SSAB employees are covered by a profit sharing system which entitles them to a share in the profit above a minimum level. The Group Executive Committee and a number of other senior executives also have salaries which contain a variable element related to the profit level and individually set targets. The costs for these systems are booked as accrued expenses regularly during the year as soon as it is likely that the targets will be met. As from 2011, a long-term incentive program has been introduced, including the President and other senior executives, with a maximum cap of 25 percent of the fixed salary. The program applies for rolling three-year periods, is cash-based, and linked to the total return on the SSAB share compared with a comparison group comprising the Company's competitors. The expenses for the program are recognized yearly proportion, based on a continuous valuation of the outcome for the three-year period.

COMPENSATION UPON TERMINATION OF EMPLOYMENT

Compensation upon termination of employment is paid when employment is terminated prior to the normal retirement age or where an employee accepts voluntary retirement in exchange for such compensation. The Group reports severance compensation when the Group is demonstrably obliged either to terminate an employee in accordance with a detailed formal plan without the possibility of recall, or to provide compensation upon termination as a result of an offer made in order to encourage voluntary retirement. Benefits which fall due more than twelve months from the balance sheet date are discounted to present value.

Provisions

Provisions are reported when the Group has an obligation as a result of an event that has occurred and it is likely that payments will be demanded for fulfillment of the obligation. A further requirement is that it is possible to make a reliable estimation of the amount to be paid out.

Provisions for restructuring measures are made when a detailed, formal plan for the measures is in place and well-founded expectations have been created among the parties that will be affected by the measure, and this takes place prior to the balance sheet date.

Emission rights

SSAB participates in the EU's emission rights trading system. Provision is made if a shortfall in emission rights is identified between owned rights and those rights which will have to be delivered due to emissions having taken place. The value of any surplus emission rights is reported only when it is realized as an external sale. Emission rights are reported as intangible assets and are booked at the acquisition value.

Environmental restoration expenses

Expenses for environmental measures associated with previous operations and which do not contribute to current or future revenue are booked as a cost when incurred. The environmental undertaking is calculated based on interpretations of applicable environmental legislation and regulations and reported when it is likely that payment liability will be incurred and a reasonable estimation can be made of such amount. Provisions have not been made for land clean-up to prepare the industrial areas for other use in the future, since it is not possible to make a reasonable estimation of when such clean-up will take place.

Financial liabilities

Financial liabilities include loan debts, accounts payable and derivative instruments. Reporting thereafter takes place depending on how the liabilities are classified. Financial liabilities are removed from the balance sheet when the debt/instrument is paid in full or ceases to apply or is transferred through all risks and benefits being assigned to an external party.

ACCOUNTS PAYABLE

Accounts payable are valued initially at fair value and thereafter at accrued acquisition value.

LOAN DEBTS

Loan debts are valued initially at net fair value after transaction costs, and thereafter at accrued acquisition value. The accrued acquisition value is determined based on the effective interest rate which was calculated when the loan was taken up. Accordingly, surplus values and under-values as well as direct issuance costs are allocated over the loan period. Loans which constitute the hedged object in fair value hedging are valued and booked at fair value. Long-term loan debts have an anticipated term to maturity in excess of one year, while current loan debts have a term to maturity of less than one year.

Derivative instruments and hedging

Currency derivatives in the form of forward contracts and swaps are used to hedge exchange rates on purchase orders for coal and iron ore, to hedge the exchange rate in conjunction with major sales in foreign currency, in conjunction with major investments in fixed assets made in foreign currency, to hedge net investments in foreign subsidiaries, and to hedge Swedish kronor payment flows on foreign loans. Derivative instruments in the form of interest swaps are used to hedge exposure to interest rate risks.

All derivative instruments are reported in the balance sheet at fair value. The method for reporting accrued profit/loss differs, however, depending on the purpose of the derivative instrument. When a derivative contract is entered into, it is characterized as hedging of the fair value of a reported asset/liability or of a signed delivery order ("fair value hedging"), hedging of a planned transaction ("cash flow hedging"), hedging of a net investment in a foreign company, or as a derivative instrument which does not meet the requirements for hedging transactions.

When the transaction is entered into, the Group documents the relationship between the hedge instrument and the hedged item, as well as the Group's risk management objectives and risk management strategy as regards the hedging. The Group also documents its assessment, both when hedging is entered into and on a regular basis, of whether the derivative instruments used in hedge transactions are effective in counteracting changes in fair value or cash flows that relate to the hedged items.

Information regarding fair value of various derivative instruments used for hedging purposes is set forth in Note 27. Changes in the hedging reserve in equity are set forth in Note 12. The entire fair value of a derivative instrument which constitutes a hedge instrument is classified as a fixed or long-term liability when the outstanding term of the hedged item exceeds twelve months, and as a current asset or current liability when the outstanding term of the hedged item is less than twelve months.

- Fair value hedging: Changes in the fair value of derivative instruments which are categorized as, and meet the requirements for, "fair value hedging" are reported in the income statement together with changes in the fair value of the asset/liability or the delivery order to which the hedging relates. Transaction costs related to "fair value hedging" are recognized immediately in the income statement.
- Cash flow hedging: The effective part of changes in fair value of derivative instruments which are characterized as, and meet the requirements for, cash flow hedging, is reported in other comprehensive income. The profit or loss attributable to the ineffective part is reported immediately in financial items in the income statement. However, the ineffective part of the profit or loss relating to cash flow hedging of sales in foreign currency is reported among other operating expenses or income. Accumulated amounts in equity are reversed to the income statement in those periods in which the hedged item affects earnings (e.g. when the forecast sale which is hedged takes place). The profit or loss attributable to the effective part of a forward contract which hedges sales in foreign currency is reported in the income statement item, Sales. When a hedge instrument lapses or is sold, or when the hedging no longer fulfills the criteria for hedge accounting and there are accumulated profits or losses in equity regarding the hedging, such profits or losses remain in equity and are reported as income at the same time as the forecast transaction is finally reported in the income statement. When a forecast transaction is no longer expected to occur, the accumulated profit or loss which is reported in equity is transferred immediately to the income statement. Where the transfer relates to cash flow hedging of sales in foreign currency, it is reported among other operating expenses or income. Where the transfer relates to cash flow hedging of financial items, it is reported in the income statement among financial items.
- Net investment hedging: Hedging of net investments in foreign companies is reported in the same manner as cash flow hedging. The effective part of changes in value of derivative instruments and liabilities, which are used as hedge instruments, is reported in other comprehensive income. The ineffective part of changes in value is reported immediately in financial items in the income statement. Accumulated profits and losses in equity are reported in the income statement when the foreign operations are divested, in whole or in part.
- Certain derivative transactions do not meet the formal criteria for hedge accounting; they are reported in the income statement among financial income and expenses.

Derivative instruments which are reported in hedge accounting and executed in respect of business-related items are reported in operating profit, while derivative instruments of a financial nature are reported in financial items.

The fair value of currency forward contracts and currency swaps is calculated based on forward contract prices on the balance sheet date, while interest rate swaps are valued calculated on the basis of future discounted cash flows.

Taxes

The Group's reported tax expenses consist of tax on the taxable earnings of Group companies for the period as well as any adjustments with respect to tax for previous periods and changes in deferred tax.

DEFERRED TAX

Deferred tax is calculated in order to correspond to the tax effect which arises when final tax is triggered. It corresponds to the net effect of tax on all differences between the tax value of assets and liabilities and their value for accounting purposes (temporary differences), applying the future tax rates already decided upon or announced which will apply when the tax is expected to be realized.

Temporary differences arise primarily through accelerated depreciation of fixed, profits from intra-group inventory transactions, untaxed reserves in the form of tax allocation reserves, non-utilized losses carried forward, as well as fair value adjustments in conjunction with business combinations. A deferred tax receivable due to losses carried forward is, however, recognized as an asset only to the extent that it is likely that the deduction can be set off against future surpluses.

In the parent company's balance sheet, the accumulated values of accelerated depreciation and other untaxed reserves are reported in the item "Untaxed reserves" without deduction of the deferred tax. In the parent company's income statement, changes in the untaxed reserves are reported on a separate line.

Dividends

Dividends proposed by the Board of Directors do not reduce equity until the annual general meeting has adopted a resolution regarding payment of the dividend.

DIVIDENDS, THE PARENT COMPANY

An anticipated dividend is reported in those cases where the parent company is exclusively entitled to decide on the amount of the dividend and the parent company, prior to the date on which its financial statements are published, has decided on the amount of the dividend and ascertained that the dividend will not exceed the dividend capacity of the subsidiary.

Group contributions in the parent company

Group contributions, received from subsidiaries, are recogized as financial income and the tax effect as a tax expense in the income statement. Group contributions, given to subsidiaries, are recognized as financial expense and the tax effect as a reduced tax expense in the income statement.

Cash flow statement

The cash flow statement is prepared in accordance with the indirect method. Cash and cash equivalents in the cash flow statement consist of cash and bank balances as well as short-term investments with a term to maturity of less than three months from the acquisition date which are exposed to only an insignificant risk of change in value.

Segment reporting

OPERATING SEGMENTS

Since January 1, 2010, the Group is organized in four reportable operating segments which are designated as the following business areas: SSAB EMEA, SSAB Americas, SSAB APAC, and the subsidiary Tibnor. In addition, there are other operating segments which are not reportable since they do not reach the threshold values in IFRS 8 and they are not monitored separately by the Group Executive Committee. The segment reporting takes place in such a manner that it corresponds to the internal reporting which is submitted to the Group Executive Committee. The Group Executive Committee is the highest executive decision-making body which is responsible for allocation of resources and assessment of the results of operating segments, and takes strategic decisions. A more detailed description of the reportable segments and their operations is provided on pages 22–29 and in Note 26.

Non-current assets held for sale

Significant non-current assets (or divestments groups) are classified as Non-current assets held for sale when their reported value will primarily be recovered through a sales transaction and a sale is deemed to be very likely. They are reported at reported value or fair value less selling expenses, whichever is lower, if their book value is primarily recovered through a sales transaction and not through permanent use.

Discontinued operations

On the line "Profit for the year, discontinued operations" in the income statement, net earnings after tax are reported which relate to significant independent lines of business, or operations which are conducted within a geographic area, which are either divested or are to be sold through a coordinated plan. Significant additional costs in a subsequent period regarding discontinued operations are reported also on the line "Profit for the year, discontinued operations".

Notes

1 Sales and other operating income

Sales per product area	Group	
SEK millions	2011	2010
Hot-rolled strip	6,789	6,276
Cold-rolled and metal-coated strip	4,501	3,549
Organic-coated and profiled strip	2,716	2,767
Plate	20,946	18,039
Trading operations	6,828	6,198
Slabs	734	847
By-products/scrap	1,808	1,726
Other	318	481
Total sales	**44,640**	**39,883**

Sales broken down by business area and geographic area are shown on page 14 and in Note 26.

Other operating income	Group		Parent Company	
SEK millions	2011	2010	2011	2010
Sales of purchased energy and media	194	251	-	-
Sales of services	145	34	-	-
Net exchange rate gains	148	0	-	-
Profit upon sale of emission rights	275	4	269	-
Profit upon sale of businesses and operations [1]	-	28	0	2,010
Profit upon sale of fixed assets	0	41	-	-
Investment grant (government grant) [2]	32	40	-	-
Other	147	91	105	79
Total other operating income	**941**	**489**	**374**	**2,089**

[1] For 2010, the group's capital gains comprise capital gains from sales of a building in Tibnor. The profit in the parent company in 2010, of SEK 2,010 million, relates to the sale of the subsidiary SSAB Tunnplåt to SSAB Oxelösund.
[2] Adjustments have been done as a consequence of changed accounting principles. See Note 28.

2 Operating expenses

Type of cost	Group		Parent Company	
SEK millions	2011	2010	2011	2010
Raw materials in the steel operations, including change in raw material inventory	19,898	18,262	-	-
Purchased products in the trading operations	4,224	3,920	-	-
Purchased products in the steel operations	1,636	1,871	-	-
Energy	2,449	2,553	-	-
Change in inventory, work in progress and finished products	881	-277	-	-
Compensation to employees [1]	5,349	4,962	71	103
Material, services and maintenance	4,533	3,962	114	80
Depreciation/amortization	2,330	2,452	2	2
Other	1,814	1,592	32	181
Total operating expenses	**43,114**	**39,297**	**219**	**366**

[1] Adjustments have been done as a consequence of changed accounting principles. See Note 28.

2 Operating expenses cont.

Fees for audits and related services	Group		Parent Company	
SEK millions	**2011**	2010	**2011**	2010
PricewaterhouseCoopers				
Audit fees	11	10	3	2
Audit related services	1	1	-	-
Tax consulting	4	4	-	-
Other services	1	3	1	1
Total fees for audit and related services to PricewaterhouseCoopers	**17**	18	**4**	3
Other audit firms				
Audits and related services	5	6	-	-
Other services	5	4	1	-
Total fees for audit and related services to other audit firms	**27**	28	**5**	3

For 2009, other compensation to PricewaterhouseCoopers, including tax consulting and other services, amounted to SEK 7 million.

Operating expenses have been reduced by the following government grants:

	Group		Parent Company	
SEK millions	**2011**	2010	**2011**	2010
Freight support	2	3	-	-
Other	3	2	-	-
Total government grants	**5**	5	**-**	-

Compensation to employees	Directors, President and Executive Vice President		Other employees	
SEK millions	**2011**	2010	**2011**	2010
Parent Company [1]	13	19	46	47
Subsidiaries in Sweden	10	8	2,704	2,490
Subsidiaries outside Sweden	15	27	1,047	1,019
Total wages and salaries [2]	**38**	54	**3,797**	3,556
Social security expenses	18	23	1,304	1,205
(of which pension expenses)	(7)	(12)	(391)	(336)
Other expenses for employee benefits	3	3	189	121
Total compensation to employees	**59**	80	**5,290**	4,882

[1] Relates only to personnel employed and working within the parent company. Personnel in some of the larger subsidiaries are formally employed by the parent company but are reported in terms of number and expense in the relevant subsidiary. In the parent company expenses for the president of SSAB EMEA are also reported.
[2] Total wages and salaries include variable salary components to President in the amount of SEK 5 (6) million, of which SEK 2 (3) million in the parent company. In the parent company, variable salary components to the President of SSAB EMEA are also reported.

Adjustments have been done as a consequence of changed accounting principles. See Note 28.

Board fees and terms of employment for the Group's senior executives

BOARD OF DIRECTORS

The general meeting decides upon fees payable to the Chairman of the Board and the directors elected by the general meeting. The Chairman's fee was SEK 1,350 (1,200) thousand and directors (excluding the President) each received a fee of SEK 450 (400) thousand. In addition, members of Board committees received SEK 100 thousand for each committee on which the member served, with the exception of the Chairman of the Audit Committee, who instead received SEK 125 thousand. In total, SEK 5,125 (4,475) thousand was paid in fees to the Board of Directors.

			Fees 2011, SEK		Fees 2010, SEK	
Directors	Elected	Position	Board fees	Committee fees	Board fees	Committee fees
Elected by the AGM						
Sverker Martin-Löf	2003	Chairman	1,350,000	200,000	1,200,000	150,000
Anders G Carlberg	1986	Board member	450,000	125,000	400,000	100,000
Jan Johansson	2011	Board member	450,000	-		
Martin Lindqvist	2011	Board member, President	-	-		
Annika Lundius	2011	Board member	450,000	-		
Anders Nyrén	2003	Board member	450,000	-	400,000	-
Matti Sundberg	2004	Board member	450,000	100,000	400,000	75,000
John Tulloch	2009	Board member	450,000	100,000	400,000	75,000
Lars Westerberg	2006	Board member	450,000	100,000	400,000	75,000
Carl Bennet, resigned 2011	2004	Board member			400,000	-
Olof Faxander, resigned 2011	2006	Board member, President			-	-
Marianne Nivert, resigned 2011	2002	Board member		-	400,000	-

Salaries and compensation for the President and other senior executives

RESOLUTION OF THE ANNUAL GENERAL MEETING

According to a resolution adopted by the AGM in April 2011, the President and other persons in the Company's senior management shall receive compensation comprising fixed salary, possible variable compensations, other benefits such as company car, and pension. "Other members of the Company's senior management" means members of the Group Executive Committee other than the President. The total compensation package shall be at market terms and conditions and competitive on the employment market on which the executive works. Fixed salary and variable compensations shall be related to the executive's responsibilities and authority. The variable compensations shall be based on results as compared with defined and measurable targets and shall be subject to a ceiling in relation to the fixed salary. The variable compensations shall not be included in the basis for computation of pension, except in those cases where so provided in the rules of a general pension plan, e.g. the Swedish ITP plan. For senior executives outside Sweden, all or parts of the variable compensations may be included in the basis for pension computation due to legislation or competitive practice in the local market.

The variable compensation programs should be structured such that the Board of Directors has the possibility, should exceptional circumstances prevail, to restrict the payment of variable compensations, or to decline to make such payment, where such a measure is deemed reasonable and compatible with the Company's responsibilities to its shareholders, employees and other stakeholders.

Consultant fees in line with prevailing market conditions may be payable insofar as any director performs work on behalf of the Company, in addition to the Board work.

The period of notice of termination of employment for senior executives in Sweden shall be six months in the event of termination by the executive. In the event of termination by the Company, the total of the period of notice of termination and the period during which severance compensation is payable shall not exceed 24 months. Pension benefits shall be either benefit-based or contribution-based or a combination thereof, with individual retirement ages, however in no case earlier than the age of 60. Benefit-based pension benefits are conditional on the benefits being earned during a pre-determined period of employment. In the event the employment terminates prior to the retirement age, the executive shall receive a paid-up policy for earned pension. For senior executives outside Sweden, the termination period and severance compensation may vary due to legislation or competitive practice on the local market.

The Board of Directors shall be entitled to deviate from the guidelines where special reasons exist in an individual case.

COMPENSATION COMMITTEE

Within the Board of Directors there is a Compensation Committee which issues proposals to the Board regarding the President's salary and other employment terms and conditions, and determines the salary and other employment terms and conditions for the Group Executive Committee in accordance with guidelines decided upon by the AGM. The Committee consists of Sverker Martin-Löf (Chairman), John Tulloch and Lars Westerberg. The President is a co-opted member of the Committee but does not participate in discussions concerning his own salary and employment terms and conditions.

COMPENSATION IN 2011

Compensation to the President and other members of the Group Executive committee consisted of a fixed salary component, a short-term variable salary component, and a long-term variable salary component. There is no share-related compensation.

For the members of the Group Executive committee who are not stationed in the US, there is a short-term variable salary component which is related to the Group's EBITDA margin relative to other comparable steel companies and to an inventory turnover target established by the Board, combined with one or more individual targets. This variable salary component is capped at 50 percent of fixed salary

As from 2011, a long-term incentive program has been introduced covering a maximum of 100 key persons throughout the Group, including the Company's President and other senior executives. This group includes approximately 50 employees in North America who hitherto were covered by the long-term incentive program which was in place when SSAB acquired IPSCO in 2007. The new program applies for rolling three-year periods, is cash-based, and linked to the total return on the SSAB share compared with a comparison group comprising the Company's competitors. For participants in the program outside North America, the result is capped at between 15 percent and 25 percent of fixed salary. The maximum outcome for participants in North America is in line with the restrictions which applied under the earlier North American program; for these participants, the program is also linked to SSAB Americas' results and return on capital employed. The total annual cost for the newly introduced program is SEK 22.5 million in the event of target realization, and SEK 45 million in the event of maximum target realization, of which approximately 2/3 constitutes the cost for participants in North America. The program has been introduced with the aim of promoting the Company's ability to recruit and retain particularly important employees.

The member of the Group Executive committee who is stationed in the United States receives compensation which is considered to be competitive from a North American perspective. He receives a fixed salary and, in addition, an annual variable salary component which is linked to the same targets as for the rest of the Group Executive Committee. His annual variable salary is capped relative to fixed salary. The target result is 60 percent of fixed salary but may amount to a maximum of 180 percent in the event of extremely high profitability. In addition, during his employment he is entitled to participate in the Group's long-term incentive program. The outcome is capped relative to fixed salary. Fully developed, the plan has a target outcome of 90 percent of fixed annual salary, but in the event of extremely good results may amount to a maximum of 150 percent. Payments under the long-term incentive program take place in cash, and solely on condition that he remains in his employment.

PRESIDENT AND CHIEF EXECUTIVE OFFICER

Martin Lindqvist assumed the position of President and CEO on January 1, 2011. The information in brackets relates to Olof Faxander's compensation package in 2010.

The total paid compensation package, excluding pension, amounted to SEK 7.9 (10.7) million. The compensation of SEK 7.9 million includes a payment of SEK 1.6 million to the former President regarding variable salary for 2010. The compensation for 2010, SEK 10.7 million, includes a payment of SEK 3.0 million with respect to the temporary incentive program for the period July 2008 up to and including June 2009, which was paid out in 2010.

The minimum retirement age is 62. The pension is based on contributions and is covered by insurance. The cost amounted to 41 (30) percent of fixed salary. Earned pension is inviolable but premium payments cease upon termination of employment.

There is a 12-month notice period in the event of dismissal by the Company. In addition, in such situation severance compensation is payable equal to 12 months' salary. In the event of resignation by the President, the termination period is 6 months and, in such a situation, there is no entitlement to severance compensation. Variable salary components are earned during the termination period only on condition that he remains in active service.

OTHER GROUP EXECUTIVE COMMITTEE MEMBERS

During the year, the Group Executive Committee comprised 8 (8) persons, in addition to the President. The Group Executive Committee is presented on page 114. (During a brief period in 2010, an additional person was included in the Group Executive Committee.)

The minimum retirement age for other members of the Group Executive Committee stationed outside the US is 62. Pensions are based on contributions. These members of the Group Executive Committee are entitled to 12 months' notice in the event of dismissal by the Company. In addition, in such a situation severance compensation is payable equivalent to 6–12 months' salary. Members of the Group Executive committee must give 6 months' notice of resignation, whereupon there is no entitlement to severance compensation.

For the member of the Group Executive committee stationed in the United States, other rules apply with respect to pension in accordance with US legislation and practice.

Total compensation and benefits are shown in the table below.

Compensation and benefits for the President and other members of the Group Executive Commitee

	President		Other Group Executive Committee	
SEK millions	**2011**	2010	**2011**	2010
Fixed salary	6.2	7.6	18.0	19.8
Other benefits [1]	0.1	0.1	2.5	2.2
Short-term variable salary [2]	1.6	-	3.7	1.6
Long-term variable salary [2]	-	-	-	1.6
Temporary incentive program	-	3.0	-	8.1
Total compensation	**7.9**	10.7	**24.2**	33.3
Pension expenses	2.5	2.3	4.0	10.3
Total	**10.4**	13.0	**28.2**	43.6

[1] Relates primarily to car and gasoline benefits, but here also includes compensation for increased living costs for the member of the Group Executive committee who is stationed in Asia.

[2] The amounts relate to payments made in the relevant financial year, which were earned in previous years. Since the compensation is not known at the end of the accounting year due to the fact that comparisons are made with competitors who have not yet reported their figures, and also the fact that the Board can decide to reduce the compensation if special reasons exist, compensation in this table is reported only in the year in which payment has taken place. The expense for the year for variable salary components for the entire Group Executive Committee was SEK 1.0 million, of which provision for 2011 amounted to SEK 6.2 million, and dissolution of an excessively high provision made in the preceding year amounted to SEK -5.2 million.

3 Affiliated companies, joint venture and related party transactions

Share of earnings and sales	Share of earnings after tax		Share of sales	
SEK millions	2011	2010	2011	2010
Lulekraft AB	0	-1	183	223
Norsk Stål A/S	20	28	1,189	1,027
Norsk Stål Tynnplater A/S	3	9	325	285
Oxelösunds Hamn AB	7	12	296	152
Blastech Mobile LLC (joint venture)	12	9	37	30
Geha BV	2	–	36	–
Total	**44**	**57**	**2,066**	**1,717**

Share of assets and liabilites	Share of assets		Share of liabilities	
SEK millions	2011	2010	2011	2010
Lulekraft AB	97	123	85	111
Norsk Stål A/S	385	340	235	129
Norsk Stål Tynnplater A/S	110	119	65	59
Oxelösunds Hamn AB	163	149	70	61
Blastech Mobile LLC (joint venture)	30	31	3	7
Geha BV	33	–	10	–
Total	**818**	**762**	**468**	**367**

Receivables from affiliated companies and joint venture	Group		Parent Company	
SEK millions	2011	2010	2011	2010
Included in balance sheet items:				
Accounts receivable	92	141	–	–
Total	**92**	**141**	**–**	**–**

Liabilities to affiliated companies and joint venture	Group		Parent Company	
SEK millions	2011	2010	2011	2010
Included in balance sheet items:				
Accounts payable	30	36	–	–
Total	**30**	**36**	**–**	**–**

Share of owning and equity share can be found in Note 8.

Related party transactions
The following transactions with affiliated companies and joint venture occurred during the year: SSAB Americas purchased plate shot blasting and painting services from Blastech Mobile for SEK 57 (51) million. Lulekraft purchased gas from SSAB EMEA for SEK 316 (456) million and resold electricity for SEK 208 (277) million. Norsk Stål and Norsk Stål Tynnplater purchased steel from the steel operations for SEK 387 (409) million and sold for SEK 2 (19) million. Oxelösunds Hamn sold port services to SSAB EMEA for SEK 238 (171) million and purchased other services from SSAB EMEA for SEK 22 (18) million. Geha purchased steel from SSAB for SEK 44 (–) millions. The Board Member John Tulloch has a consultancy agreement with one of the US subsidiaries of SSAB from which he received SEK 0.4 (0.4) million in fees. The transactions took place at arm's length prices.

4 Financial items

Group

SEK millions	2011	2010
Financial income		
Interest income	24	15
Dividends	2	2
Other	9	13
Total financial income	**35**	**30**
Financial expenses		
Interest expenses	478	360
Net exchange rate differences	8	20
Other	63	52
Total financial expenses	**549**	**432**
Total financial income and expenses	**-514**	**-402**

Net result attributable to derivatives is included in the Net exchange rate differences with the amount of SEK -12 (-69) million.

Parent Company

SEK millions	2011	2010
Dividends from subsidiaries	266	98
Dividends from affiliated companies and joint ventures	1	1
Group contribution, received [1]	523	-
Profit from other securities and receivables which constitute fixed assets		
Other interest income	0	0
Other interest income and similar revenues		
Interest income from subsidiaries	420	191
Other interest income	7	3
Net exchange rate differences	17	-
Total financial income	**1,234**	**293**
Interest expenses and similar expenses		
Group contribution, given [1]	400	75
Interest expenses to subsidiaries	52	7
Other interest expenses	494	355
Net exchange rate differences	0	31
Other	45	35
Total financial expenses	**991**	**503**
Total financial income and expenses	**243**	**-210**

[1] Adjustments have been done as a consequence of changed accoutning principles. See Note 28.

5 Taxes

Tax expenses	Group		Parent Company	
SEK millions	2011	2010	2011	2010
Swedish corporate income tax	- 76	12	-40	118
Foreign corporate income tax	- 447	- 174	-	-
Total current tax expenses	**- 523**	**- 162**	**-40**	**118**
Deferred taxes	85	201	-	-
Total tax in the income statement	**- 438**	**39**	**-40**	**118**
Total tax in other comprehensive income	**69**	**-202**	**44**	**-157**

Reconciliation of tax rates	Group		Parent Company	
%	2011	2010	2011	2010
Applicable tax rate in Sweden	26	26	26	26
Tax effect of:				
• non-deductible expenses	1	4	1	3
• non-taxable divestments	-	-	-	-34
• non-taxable revenue [1]	0	-2	-18	-1
• changes in tax rates	0	2		
• other tax rates in foreign subsidiaries	-5	-48		
• taxes relating to earlier periods	0	13		
Effective tax rate	**22**	**-5**	**9**	**-6**

[1] The parent company's other non-taxable revenue consists primarily of dividends from subsidiaries.

The tax for the year amounted to SEK -438 (39) million and the effective tax rate was 22 (-5) percent. The tax rate was positively affected by lower tax rates on positive results and higher tax rates on negative results in foreign subsidiaries by -5 percentage points.

Adjustments have been done as a consequence of changed accounting principles. See Note 28.

6 Intangible assets

Group

SEK millions	Customer relations	Trademarks	Patents, licenses, technology and other rights	Goodwill	Total intangible assets
Acquisition value, January 1, 2010	6,938	5	653	19,701	27,297
Acquisitions	-	-	-	-	-
Reclassifications	-	-	-	-	-
Translation differences	-372	-	-34	-1,058	-1,464
Acquisition value, December 31, 2010	**6,566**	**5**	**619**	**18,643**	**25,833**
Acquisition value, January 1, 2011	6,566	5	619	18,643	25,833
Acquisitions	-	-	1	-	1
Increase through acquisition of businesses	-	-	21	8	29
Reclassifications	-	-	1	-	1
Translation differences	94	-	10	268	372
Acquisition value, December 31, 2011	**6,660**	**5**	**652**	**18,919**	**26,236**
Accumulated amortization, January 1, 2010	1,857	3	362	-	2,222
Amortization for the year	758	1	63	-	822
Translation differences	-142	0	-21	-	-163
Accumulated amortization, December 31, 2010	**2,473**	**4**	**404**	**-**	**2,881**
Accumulated amortization, January 1, 2011	2,473	4	404	-	2,881
Amortization for the year	678	1	35	-	714
Translation differences	77	0	7	-	84
Accumulated amortization, December 31, 2011	**3,228**	**5**	**446**	**-**	**3,679**
Accumulated write-down, January 1, 2010	-	-	-	-	-
Write-down for the year	-	-	-	-	-
Accumulated write-down, December 31, 2010	**-**	**-**	**-**	**-**	**-**
Accumulated write-down, January 1, 2011	-	-	-	-	-
Write-down for the year	-	-	-	8	8
Translation differences	-	-	-	-	-
Accumulated write-down, December 31, 2011	**-**	**-**	**-**	**8**	**8**
Residual value, December 31, 2010	**4,093**	**1**	**215**	**18,643**	**22,952**
Residual value, December 31, 2011	**3,432**	**-**	**206**	**18,911**	**22,549**

Amortization for the year is included in the income statement in the amount of SEK 717 (818) million in cost of goods sold; SEK 1(2) million in administrative expenses and SEK 3 (3) million in other operating expenses. There are no internally generated intangible assets.

6 Intangible assets cont.

Test of impairment of goodwill

A test of impairment of goodwill takes place annually on November 30. The Group's most significant goodwill balance is allocated to the Group's cash-generating unit below:

SSAB North America

SEK millions	2011	2010
Goodwill	18,841	18,570

A recoverable amount for a cash-generating unit is based on calculations of value in use. These calculations are based on financial budgets and forecasts produced on a regular basis by management. Cash flows beyond a five year period have been extrapolated using assessed growth in accordance with the information below. The rate of growth does not exceed the long-term rate of growth for the market on which these cash-generating units operate.

Significant assumptions used in calculations of use value are shown in the table below:

SSAB North America

%	2011	2010
Assessed rate of growth	2	2
Weighted average discount rate, before tax	11.3	11.0

The assumptions have been used to analyze the cash-generating unit.

The management has established the budgeted and forecast margin based on historical results and expectations regarding market trends and the cash generating unit. The rate of growth used corresponds to the forecasts available in industry and analyst reports. The discount rate used is stated before tax and reflects specific risks applicable to the different cash-generating units.

Calculations conducted using the above assumptions have demonstrated that no impairment of goodwill existed as per December 31. For a sensitivity analysis, see Note 29.

Emission rights

As a method for curtailing carbon dioxide emissions, in 2005 the EU introduced a system of emission rights. For the trading period 2008–2012, the Group received 36.7 million tonnes. Estimated consumption for 2011 is 5.5 (5.9) million tonnes. 4.1 (0) million tonnes were sold in 2011. Thus, slightly 7.5 million tonnes remains for the reminder of the trading period, until the end of 2012. Emission rights are reported as intangible assets booked at an acquisition value of 0 SEK.

7 Tangible fixed assets

Group

SEK millions	Land and land improvements	Buildings	Machinery	Equipment, tools, fixtures and fittings	Construction in progress and advances to suppliers	Total tangible fixed assets
Acquisition value, January 1, 2010	602	3,855	27,372	523	1,871	34,223
Acquisitions	9	38	647	40	1,277	2,011
Sales and disposals	-12	-14	-401	-29	-	-456
Decrease through divested businesses	-1	-17	-	-1	-	-19
Reclassifications	29	90	134	0	-259	-6
Translation differences	-14	-70	-392	-14	-54	-544
Acquisition value, December 31, 2010	**613**	**3,882**	**27,360**	**519**	**2,835**	**35,209**
Acquisition value, January 1, 2011	613	3,882	27,360	519	2,835	35,209
Acquisitions	2	24	1,421	30	1,634	3,111
Increase through acquisition of businesses	-	-	-	-	16	16
Sales and disposals	-3	-5	-262	-18	-	-288
Reclassifications	2	123	1,493	13	-1,623	8
Translation differences	-2	17	116	-4	60	187
Acquisition value, December 31, 2011	**612**	**4,041**	**30,128**	**540**	**2,922**	**38,243**
Accumulated depreciation, January 1, 2010	86	1,,883	14,856	260	-	17,085
Sales and disposals	-10	-6	-383	-25	-	-424
Depreciation for the year	19	108	1,474	28	-	1,629
Decrease through divested businesses	0	-14	-	-1	-	-15
Reclassifications	0	0	-3	0	-	-3
Translation differences	-1	-17	-106	-3	-	-127
Acc. depreciation, December 31, 2010	**94**	**1,954**	**15,838**	**259**	**-**	**18,145**
Accumulated depreciation, January 1, 2011	94	1,954	15,838	259	-	18,145
Sales and disposals	-3	-5	-232	-17	-	-257
Depreciation for the year	20	106	1,475	7	-	1,608
Translation differences	0	4	40	-7	-	37
Acc. depreciation, December 31, 2011	**111**	**2,059**	**17,121**	**242**		**19,533**
Accumulated write-down, January 1, 2010	1	-	-	-	-	1
Write-down for the year	-	-	-	-	-	-
Acc. write-down, December 31, 2010	**1**	**-**	**-**	**-**	**-**	**1**
Accumulated write-down, January 1, 2011	1	-	-	-	-	1
Write-down for the year	-	-	15	-	-	15
Translation differences	-	-	1	-	-	1
Acc. write-down, December 31, 2011	**1**	**-**	**16**	**-**	**-**	**17**
Residual value, December 31, 2010	**518**	**1,928**	**11,522**	**260**	**2,835**	**17,063**
Residual value, December 31, 2011	**500**	**1,982**	**12,991**	**298**	**2,922**	**18,693**

7 Tangible fixed assets cont.

Depreciation for the year is included in the income statement in the amount of SEK 1,540 (1,541) million in costs of goods sold; SEK 31 (41) million in selling expenses; SEK 31 (38) million in administrative expenses; and SEK 6 (8) million in other expenses.

Commencing October 1, 2008, the Company applies IAS 23 regarding capitalization of interest during the construction period. During the period, SEK 48 (15) million was capitalized and the rate of interest applied was 1.6 (2.0) percent. The item "Machinery" includes leasing agreements in the amount of SEK 88 (88) million in acquisition value and SEK 24 (31) million in residual value.

As per the balance sheet date, there were contracted investments in fixed assets valued at SEK 525 (1,870) million which were not reported in the financial statements.

Parent Company

SEK millions	Equipment, tools, fixtures and fittings	Total tangible fixed assets
Acquisition value, January 1, 2010	9	9
Acquisitions	2	2
Sales and disposals	0	0
Acquisition value, December 31, 2010	11	11
Acquisition value, January 1, 2011	11	11
Acquisitions	0	0
Sales and disposals	-1	-1
Acquisition value, December 31, 2011	**10**	**10**
Accumulated depreciation, January 1, 2010	5	5
Sales and disposals	-	-
Depreciation for the year	2	2
Accumulated depreciation, December 31, 2010	7	7
Accumulated depreciation, January 1, 2011	7	7
Sales and disposals	-	-
Depreciation for the year	1	1
Accumulated depreciation, December 31, 2011	**8**	**8**
Residual value, December 31, 2010	4	4
Residual value, December 31, 2011	**2**	**2**

8 Financial non-current assets, shares and participations in affiliated companies and joint venture

Group

SEK millions	Other shares and participations	Other long-term receivables	Total financial assets	Participations in affiliated
Book value, January 1, 2010	10	45	55	348
Investments	-	30	30	-
Sales and amortization	-	-4	-4	-
Shares in profit after tax	-	-	-	57
Reclassification	-	-3	-3	-
Dividend	-	-	-	-6
Translation differences	-	-1	-1	-4
Book value at December 31, 2010	**10**	**67**	**77**	**395**
Book value at January 1, 2011	10	67	77	395
Investments	-	4	4	21
Sales and amortization	-3	-4	-7	-
Shares in profit after tax	-	-	-	44
Reclassification		32	32	-
Dividend	-	-	-	-92
Translation differences	0	0	0	-19
Book value at December 31, 2011	**7**	**99**	**106**	**349**

Other shares and participations consist primarily of unlisted holdings in equity instruments which do not have a listed market price and the fair value of which cannot be calculated in a reliable manner. They are valued at acquisition value.

Other long-term receivables are receivables that are classified in the category "Loans and receivables". They are valued at amortized cost.

Parent Company

SEK millions	Shares in subsidiaries	Shares in affiliated companies	Other shares and participations	Other long-term receivables	Total financial assets
Acquisition value, January 1, 2010	36,745	10	3	0	36,758
Investments	3,511	-	-	30	3,541
Sales and amortization	-1,500	-	-	0	-1,500
Residual value according to plan, December 31, 2010	**38,756**	**10**	**3**	**30**	**38,799**
Acquisition value, January 1, 2011	38,756	10	3	30	38,799
Investments	393	-	-	4	397
Sales and amortization	-	-	-	-	-
Residual value according to plan, December 31, 2011	**39,149**	**10**	**3**	**34**	**39,196**

During 2010 the parent company sold SSAB Tunnplåt to SSAB Oxelösund, and at the same time contributed equity to SSAB Oxelösund and SSAB Oxelösund changed name to SSAB EMEA. In January 2011 the two companies were merged.

8 Financial non-current assets, shares and participations in affiliated companies and joint venture cont.

Parent Company's shares and participations in subsidiaries

	Reg. no	Office	Number	% [2]	Book value, SEK millions
Swedish operating subsidiares:					
Plannja AB	556121-1417	Luleå	80,000	100	16
SSAB EMEA AB	556313-7933	Oxelösund	1,000	100	3,961
Tibnor AB	556004-4447	Stockholm	1,000,000	100	676
SSAB Technology AB	556207-4905	Stockholm	1,000	100	0
SSAB Americas Holding AB	556858-6654	Stockholm	50,000	100	0
SSAB APAC Holding AB	556858-6647	Stockholm	50,000	100	0
Foreign operating subsidiaries:					
SSAB Central Inc.		Canada	1,000	100	272
SSAB Swedish Steel Inc.		USA	100	100	4,149
Western Steel Limited		Canada	682	100	182
SSAB Finance Belgium		Belgium	49,999,999	100	29,787
Other [1]					105
Dormant companies					1
Total					**39,149**

Other shares and participations

Tenant-owner rights	3
Total, Parent Company's other shares and participations	**3**
Subsidiaries' other shares and participations [1]	**7**
Total, Group's other shares and participations	**10**

Parent Company's shares in affiliated companies

	Reg. no	Office	Number	% [2]	Book value, SEK millions
Lulekraft AB	556195-0576	Luleå	100,000	50	10
Total, Parent Company's shares in affiliated companies					**10**

Subsidiaries' shares and participations in affiliated companies and joint venture

	Reg. no	Office	Number	% [2]	Participation, SEK millions
Oxelösunds Hamn AB	556207-4913	Oxelösund	5,000	50	92
Geha BV		The Netherlands	35,928	30	23
Blastech Mobile LLC		Alabama, USA		50	27
Norsk Stål A/S		Norway	31,750	50	151
Norsk Stål Tynnplater A/S		Norway	13,250	50	45
					338
Equity shares in affiliated companies and joint venture's equity in excess of the book value in the Parent Company					**11**
Total, Group participations in affiliated companies and joint venture					**349**

[1] A complete specification of other shares and participations is available from SSAB's Group headquarters in Stockholm.
[2] The percentages indicate the equity share which, in all cases, also corresponds to the share of the voting capital.

9 Inventories

	Group		Parent Company	
SEK millions	**2011**	2010	**2011**	2010
Raw materials, consumables and semi-finished goods	5,061	5,254	-	-
Work in progress	630	620	-	-
Stocks of finished goods	5,253	4,667	-	-
Slabs	743	848	-	-
Total inventories	**11,687**	11,389	**-**	-

SEK 1,122 (992) million of the inventory value is valued at net realizable value. The share of inventories which is booked as an expense amounts to SEK 39,859 (35,938) million during the period, where of SEK 169 (72) million was reported as an expense relating to impairment of inventories.

10 Prepaid expenses and accrued income

	Group		Parent Company	
SEK millions	**2011**	2010	**2011**	2010
Delivered, non-invoiced goods and services	44	37	-	-
Bonuses, discounts, licenses and similar	22	20	-	-
Prepaid rents	34	29	3	3
Prepaid insurance premiums	13	17	0	0
Accrued interest income	11	8	11	8
Currency derivatives reported in hedge accounting	313	229	0	5
Currency derivatives not reported in hedge accounting	109	2	23	0
Revaluation, hedged orders	-	64	-	-
Freight support	2	2		
Unsettled insurance indemnification	4	2		
Other prepaid expenses	90	85	34	25
Total prepaid expenses and accrued income	**642**	495	**71**	41

11 Other current interest-bearing receivables/Cash and cash equivalents

	Group		Parent Company	
SEK millions	**2011**	2010	**2011**	2010
Other current interest-bearing receivables				
Restricted cash	445	971	-	-
Other current interest-bearing receivables	13	0	-	-
Total current interest-bearing receivables	**458**	971	**-**	-
Cash and cash equivalents				
Cash and bank balances	963	914	314	443
Short-term investments (term to maturity of less than three months)	685	400	685	400
Total cash and cash equivalents	**1,648**	1,314	**999**	843

All short-term investments and current interest-bearing receivables are valued at amortized cost. Short-term investments with terms to maturity of less than three months consist of overnight deposits at banks.

12 Equity

The share capital is SEK 2,851 (2,851) million, divided into 323.9 (323.9) million shares, with a par value of SEK 8.80 (8.80) per share. 240.7 (240.7) million of the shares are Class A shares while 83.2 (83.2) million are Class B shares.

Each Class A share entitles the holder to one vote, while each Class B share entitles the holder to one-tenth of one vote. No shares are held in treasury by the Company or its subsidiaries.

Number of shares/share capital

	2011	2010
Numbers of shares in million	323.9	323.9
Share capital in SEK million	2,851	2,851

The average number of shares was 323.9 (323.9) million. Other contributed funds amount to SEK 9,944 (9,944) million and consist of funds paid in by the shareholders in connection with new issues, in excess of the par value of the shares.

Group

SEK millions	Reserve for hedge of foreign operations	Reserve for cashflow hedges	Translation reserve	Total reserves
Reserves, January 1, 2010	-2,177	-2	1,263	-916
Adjustment opening balance, translation differences			53	53
Adjustment opening balance, changes in accounting principles			3	3
Adjusted reserves, January 1, 2010	**-2,177**	**-2**	**1,319**	**-860**
Translation differences during the period			-1,759	-1,759
Fair value changes during the period	599	370		969
Tax related to fair value changes during the period	-158	-97		-255
Transferred to the income statement		189		-189
Tax related to transferred to the income statement		50		50
Reserves, December 31, 2010	**-1,736**	**132**	**-440**	**-2,044**
Reserves, January 1, 2011	**-1,736**	**132**	**-440**	**-2,044**
Translation differences during the period			464	464
Fair value changes during the period	-155	78		-77
Tax related to fair value changes during the period	41	-20		21
Transferred to the income statement		-180		-180
Tax related to transferred to the income statement		47		47
Reserves, December 31, 2011	**-1,850**	**57**	**24**	**-1,769**

Exchange rate differences which arise upon the translation into Swedish kronor of the net investment in foreign subsidiaries are transferred to the translation reserve. The accumulated translation differences amounted to SEK 24 (-440) million. The exchange rate differences in conjunction with the translation of loans or other financial instruments taken up in order to hedge the exchange rate of net assets in foreign subsidiaries are transferred to the reserve for hedge of foreign operations. The accumulated translation differences amounted to SEK -1,850 (-1,736) million. Exchange rate differences in conjunction with cash flow hedge of significant sales in foreign currency as well as hedge of interest rates from variable to fixed rate are transferred to the reserve for cash flow hedge. The accumulated translation differences amounted to SEK 57 (132) million.

The proposed but as yet not resolved upon dividend for 2011 amounts to SEK 648 (648) million, equal to SEK 2.00 (2.00) per share. The amount has not been reported as a liability.

13 Pensions

Within the Group there are both contribution-based and benefit-based pensions. In respect of contribution-based pensions and the pension plan for white collar staff in Sweden which is taken out with Alecta, the premiums relating to the period that has elapsed are reported as expenses for the year.

During the year, the Group has changed accounting principles regarding actuarial gains/losses. Now, they are disclosed in the other comprehensive income instead of the income statement. Adjustments have been done as a consequence of changed accounting principles. See Note 28.

The total pension expenses are broken down as follows:

	Group		Parent Company	
SEK millions	**2011**	2010	**2011**	2010
Fees for contribution-based plans	250	188	14	6
Fees for pension insurance policies with Alecta [1]	55	53	4	5
Pension expenses, benefit-based plans	14	18	-1	-1
Special employer's contributions	71	69	4	4
Other	8	5	0	0
Total pension expenses	**398**	333	**21**	14

[1] Alecta's surplus can be allocated to the policyholders and/or the insurers. At the end of September 30 2011, Alecta's surplus in the form of the collective funding level amounted to 113 percent compered with 146 percent as per the end of 2010. The collective funding level consist of the market value of Alecta's assets as a percentage of insurance commitments calculated in accordance with Alecta's actuarial calculation assumptions, which do not concur with IAS 19.

The following provisions for pension obligations have been made in the balance sheet:

	Group		Parent Company	
SEK millions	**2011**	2010	**2011**	2010
Funded pension obligations	31	31	-	-
Fair value of managed assets	-31	-31	-	-
Pension obligations less managed assets	**0**	0	**-**	-
Unfunded pension obligations	162	137	3	4
Pension provisions	**162**	137	**3**	4

Changes in benefit-based obligations during the year:

	Group		Parent Company	
SEK millions	**2011**	2010	**2011**	2010
Pension obligations, opening balance	168	166	4	5
Changes in accounting principles	-	0	-	-
Adjusted opening balance	**168**	**166**	**4**	**5**
Benefits earned during the year	40	18	0	0
Actuarial gains/losses	-3	11	0	-
Interest expenses	7	7	0	0
Paid benefits	-20	-31	-1	-1
Translation differences	1	-3	-	-
Pension obligations, closing balance	**193**	168	**3**	4

Changes in the value of the managed assets during the year:

	Group		Parent Company	
SEK millions	**2011**	2010	**2011**	2010
Managed assets, opening balance	31	31	-	-
Changes in accounting principles	-	0	-	-
Adjusted opening balance	**31**	**31**	**-**	**-**
Actuarial gains/losses	-3	0	-	-
Return during the year	2	2	-	-
Fees from employer	2	1	-	-
Paid benefits	-2	-3	-	-
Translation differences	1	0	-	-
Managed assets, closing balance	**31**	31	**-**	-

13 Pensions cont.

SEK millions	2011	2010
Experience based adjustments		
• benefit-based obligations	8	-10
• managed assets	-3	0

Adjustments have been done as a consequence of changed accounting principles. See Note 28.

Actuarial calculation assumptions

The actuarial calculation of pension obligations and pension expenses is based on the following assumptions.

%	2011	2010
Discount rate	2.5	3.5
Inflation	2	2
Anticipated increase in salaries	3	3
Personnel turnover	1	1
Increase in income-base amount	3	3
Return on managed assets	4.5	5.5

In SSAB North America, however, the discount rate has been 5.7 (5.8) percent, the salary increase 3.5 (3.5) percent and the return 6.0 (6.0) percent.

14 Deferred tax liabilities and tax receivables

	Group		Parent Company	
SEK millions	**2011**	2010	**2011**	2010
Deferred tax liabilities have arisen				
• through accelerated depreciation/ amortization of fixed assets	4,677	4,669	0	0
• through transfers to tax allocation reserves	320	294		–
• through pension provisions	- 31	- 5	0	0
• through other temporary differences	- 47	- 6		–
Total deferred tax liabilities	**4,919**	**4,952**	**0**	**0**
Deferred tax receivables have arisen				
• through long-term deferred income [1]	542	55		
• through non-utilized losses carried forward	63	98		
• through pension provisions	40	29	1	1
• through fixed assets	12	8		
• through other temporary differences	45	- 30	3	
Total deferred tax receivables	**702**	**160**	**4**	**1**

[1] The deferred tax asset consist of a valuation of the future investment grants, in the form of reductions in state tax in Alabama, USA.

Adjustments have been done as a consequence of change accounting principles. See Note 28.

14 Deferred tax liabilities and tax receivables cont.

Deferred tax on retained earnings in subsidiaries and affiliated companies is not taken into consideration. To the extent profits are transferred to the parent company, such a transfer is normally exempt from taxation. To the extent such a transfer is not exempt from taxation, the parent company determines the date of such a transfer and such a transfer will not take place within the foreseeable future.

Changes in deferred tax liabilities	Group		Parent Company	
SEK millions	**2011**	2010	**2011**	2010
Opening balance	4,952	5,283		
• Adjustment opening balance				
• Changes against earnings	-85	-188	0	0
• Changes against other comprehensive income	1	31		
• Reclassification	11		0	0
• Changes through divested businesses				
• Translation difference	40	-174		
Closing balance	**4,919**	4,952	**0**	0

Changes in deferred tax receivables	Group		Parent Company	
SEK millions	**2011**	2010	**2011**	2010
Opening balance	160	165	1	1
• Adjustment opening balance	-	1		
• Changes against earnings	0	18	0	0
• Changes against other comprehensive income	27	- 17	3	0
• Reclassification	11	0	0	0
• Changes against investment grant [1]	458	0	0	0
• Translation difference	46	- 7	0	0
Closing balance	**702**	160	**4**	1

[1] The deferred tax asset consist of a valuation of the future investment grants, in the form of reductions in state tax in Alabama, USA.

Adjustments have been done as a consequence of changed accounting principles. See Note 28.

15 Other provisions

Group

SEK millions	Cost reduction program	Warranties, divestment of operations[1]	Other provisions [2]	Total
Opening balance, January 1, 2010	22	355	81	458
Additional provisions	–	164	37	201
Utilized during the year	-22	-504	-25	-551
Reclassification [3]	–	67	–	67
Transaltion difference	–	–	-3	-3
Closing balance, December 31, 2010	**–**	**82**	**90**	**172**
Opening balance, January 1, 2011	–	82	90	172
Additional provisions			22	22
Utilized during the year			-19	-19
Translation difference			2	2
Closing balance, December 31, 2011	**–**	**82**	**95**	**177**

	2011	2010
of which reported as:		
• Other long-term provisions	136	119
• Current provisions	41	53

Parent Company

SEK millions	Warranties, divestment of operations [1]	Other provisions [2]	Total
Opening balance, January 1, 2010	355	15	370
Additional provisions	164	15	179
Utilized during the year	-504	-15	-519
Reclassification [3]	67		67
Closing balance, December 31, 2010	**82**	**15**	**97**
Opening balance, January 1, 2010	82	15	97
Additional provisions	0	10	10
Utilized during the year	0	-15	-15
Closing balance, December 31, 2011	**82**	**10**	**92**

	2011	2010
of which reported as:		
• Other long-term provisions	67	67
• Current provisions	25	30

1) The tubular business in North America was sold on June 12, 2008 and there are warranty undertakings to the purchaser regarding taxes for the period prior to the sale. In conjunction with the sale, provision was made in respect of this warranty. In 2010, an agreement was reached regarding a tax dispute, which in all essential respects constitutes the currently known warranty undertakings, which resulted in an adjustment of the provision entailing an additional cost of SEK 164 million. Most of the amount was paid during 2010.

2) Other provisions" consist primarily of personnel-related provisions.

3) The reclassification relates to a previously booked tax liability which, however, relates to the warranty undertaking to the purchaser of the tubular business and thus has been moved to provisions.

16 Interest-bearing liabilities

Long-term interest-bearing liabilities	Group		Parent Company	
SEK millions	2011	2010	2011	2010
Capital market debt [1]	7,072	6,968	7,072	6,968
Financial leasing agreements	23	31	-	-
Bank loans [2]	9,487	9,363	9,487	9,363
Export financing [3]	451	377	-	-
Alabama tax revenue bond [4]	1,500	1,087	-	-
Other	57	53	53	52
Total	**18,590**	**17,879**	**16,612**	**16,383**
Less amortization 2012 and 2011	-1,650	-1,093	-1,544	-
Total	**16,940**	**16,786**	**15,068**	**16,383**

[1-4] For description of footnot 1-4 see table below.

Issued/matures	Interest rate (nominal), %	Outstanding, SEK millions: Group		Parent Company	
SEK millions		2011	2010	2011	2010
[1] Specification of capital market debt					
Fixed interest					
2007–2017	5.25 – 5.875	2,965	1,945	2,965	1,945
Variable interest					
2009–2017	stibor +1.70 – +2.45	3,520	4,445	3,520	4,445
2010–2018	libor +1.75	587	578	587	578
Total capital market debt		**7,072**	**6,968**	**7,072**	**6,968**
[2] Specification of bank loans					
Variable interest					
2007–2014	libor +0.60 – +1.00	7,177	7,069	7,177	7,069
2007–2015	stibor +0.60 – +1.50	2,310	2,294	2,310	2,294
Total bank loans		**9,487**	**9,363**	**9,487**	**9,363**
[3] Specification of export financing					
Variable interest					
2009–2016	euribor + 1.50	451	377	-	-
Total export financing		**451**	**377**	**-**	**-**
[4] Specification of Alabama tax revenue bond					
Variable interest					
2011–2031	libor + 0.95	389		-	-
2011–2041	libor + 0.95	1,111	1,087	-	-
Total Alabama tax revenue bond		**1,500**	**1,087**	**-**	**-**

Alabama tax revenue bond is a debt financing with term of maturity of 20 and 30 years respectively, and due to changed contract terms regarding counter-guarantee it has now been classified as a long-term interest-bearing liability (2010 short-term).

Repayment of long-term interest-bearing liabilities

SEK millions	2012	2013	2014	2015	2016	Later
As per December 31, 2011						
Group	1,650	3,606	5,032	1,693	2,056	4,553
Parent Company	1,544	3,503	4,925	1,586	2,000	3,054

Repayment of long-term interest-bearing liabilities

SEK millions	2011	2012	2013	2014	2015	Later
As per December 31, 2010						
Group	1,093	3,635	4,328	2,884	805	5,134
Parent Company	0	3,578	4,271	2,828	750	4,956

16 Interest-bearing liabilities cont.

Current interest-bearing liabilities	Group		Parent Company	
SEK millions	**2011**	2010	**2011**	2010
Current part of long-term liabilities	1,650	1,093	1,544	-
Commercial paper	1,922	1,334	1,922	1,334
Overdraft facilities	6	550	0	409
Other current interest bearing liabilities	29	-	-	-
Total current interest-bearing liabilities	**3,607**	2,977	**3,466**	1,743

Loan debts are valued at the amortized cost except for a fixed interest loan of SEK 1,000 million which is a fair value hedge valued at the amortized cost, adjusted for changes in fair value on the hedged risk. The outstanding portion of loans in foreign currency is used as hedging for the net investment in SSAB Americas and thus has not been hedged.

On the balance sheet date, the Group's exposure to changes in interest rates and the contractually agreed dates for interest renegotiation with respect to borrowing was as follows:

Amount falling due for interest rate renegotiation

SEK millions	2012	2013	2014	2015	2016	Later
As per December 31, 2011						
Group	**3,501**	**13,085**	**33**	**522**	**0**	**1,449**
Parent Company	**1,544**	**13,076**	**26**	**517**	**0**	**1,449**

Amount falling due for interest rate renegotiation

SEK millions	2011	2012	2013	2014	2015	Later
As per December 31, 2010						
Group	15,873	25	25	522	5	1,429
Parent Company	14,402	18	18	516	0	1,429

Reported amounts, per currency, for the Group's borrowing are set forth in Note 27.

17 Accrued expenses and deferred income

Accrued expenses and short term deferred income	Group		Parent Company	
SEK millions	**2011**	2010	**2011**	2010
Accrued personnel expenses	981	850	18	16
Non-invoiced goods and services received	240	356	-	-
Accrued interest expenses	87	53	87	52
Accrued discounts, bonuses and complaints	18	16	-	-
Revaluation, hedged orders	176	-	-	-
Derivatives reported in hedge accounting	76	102	37	15
Derivatives not reported in hedge accounting	7	40	-	
Energy taxes	5	19	-	-
Other items	81	85	5	5
Total accrued expenses and short term deferred income	**1,671**	1,521	**147**	88

Long-term deferred income	Group		Parent Company	
SEK millions	**2011**	2010	**2011**	2010
Investment grant (Alabama tax credit)	543	55	-	-
Total long-term deferred income	**543**	55	**-**	-

18 Net debt

SEK millions	Group 2011	Group 2010	Parent Company 2011	Parent Company 2010
Cash and bank balances	963	914	314	443
Short-term investments	685	400	685	400
Receivables from subsidiaries			13,851	12,514
Other receivables	667	1,046	57	36
Interest-bearing assets	**2,315**	**2,360**	**14,907**	**13,393**
Current interest-bearing liabilities	3,607	2,977	3,466	1,743
Long-term interest-bearing liabilities	16,940	16,786	15,068	16,384
Pension provisions	162	137	3	4
Liabilities to subsidiaries			4,254	2,181
Other liabilities	81	49	35	9
Interest-bearing liabilities	**20,790**	**19,949**	**22,826**	**20,321**
Net debt	**18,475**	**17,589**	**7,919**	**6,928**

For defintion see Note 30.

19 Average number of employees and gender breakdown

	Number of employees 2011	Number of employees 2010	Women, % 2011	Women, % 2010
Parent Company				
Sweden	52	48	50	46
Total, Parent Company	**52**	**48**	**50**	**46**
Subsidiaries				
Sweden	6,644	6,413	19	19
Denmark	60	72	40	40
Finland	126	121	28	28
Italy	54	54	26	26
Canada	84	77	10	6
China	74	64	43	25
Norway	30	32	20	22
Poland	93	98	35	34
Great Britain	41	44	45	32
South Africa	76	89	16	11
Germany	33	32	36	34
USA	1,239	1,107	12	12
Other < 20 employees	224	226	31	25
Total, subsidiaries	**8,778**	**8,429**	**19**	**19**
Total, Group	**8,830**	**8,477**	**19**	**19**

The calculation is based on a normal number of working hours per year in different production areas. The percentage of women relates to the numbers employed on December 31. Women accounted for 9 (6) percent of the members of all boards of directors in the Group, while the figure for the Board of Directors of the parent company was 8 (8) percent. The percentage of women in the management groups (including Presidents) in the Group was 18 (13) percent. The Group Executive Committee comprises seven men and two women.

20 Leasing

Operational leasing	Group		Parent Company	
SEK millions	**2011**	2010	**2011**	2010
Minimum leasing charges during the year	**126**	115	**10**	7

The agreed minimum leasing charges relating to operational leasing agreements that cannot be terminated amount to SEK 119 million for 2012; a total of SEK 304 million for 2013–2016; and to SEK 181 million for the years after 2016. Operational leasing includes office equipment, leases for property, premises and rolling stock for transportation in the steel operations.

Financial leasing	Group		Parent Company	
SEK millions	**2011**	2010	**2011**	2010
Minimum leasing charges during the year	**11**	11	**-**	-

Agreed minimum leasing charges for 2012 amount to SEK 10 million and to a total of SEK 29 million for 2013–2016. The present value of financial leasing liabilities is SEK 20 (29) million. Financial leasing includes a switchgear, rolling stock for transportation in the steel operations, as well as a number of fork lift trucks.

21 Pledged assets

	Group		Parent Company	
SEK millions	**2011**	2010	**2011**	2010
Real property mortgages	39	39	-	-
Floating charges	2	2	-	-
Total pledged assets	**41**	41	**-**	-

22 Contingent liabilities

	Group		Parent Company	
SEK millions	**2011**	2010	**2011**	2010
Contingent liabilities regarding subsidiaries' obligations [1]	143	68	2,205	594
Other contingent liabilities	55	56	39	37
Total contingent liabilities	**198**	124	**2,244**	631

[1] Of the contingent liabilities of the parent company, SEK 1,984 (400) million relates to guarantees for subsidiaries' loans.

Conditions not reported as contingent liabilities
During the autumn of 2008, a number of class actions were brought in USA against a number of steel producers, including SSAB, alleging that they had violated US anti-trust legislation by colluding to restrict steel production in the United States during 2005–2008 with the aim of influencing steel prices. The opposing party consists of direct and indirect purchasers of relevant steel products who are claiming an unspecified amount in damages from the sued steel producers. SSAB denies the allegations.

The Group is otherwise involved in a very limited number of legal disputes concerning insurance and warranty matters, as well as complaints. The anticipated outcome of these cases has been taken into consideration in the accounting.

23 Untaxed reserves and appropriations

Untaxed reserves	Parent Company	
SEK millions	**2011**	2010
Depreciation in excess of plan	0	0
Tax allocation reserve 2008	619	652
Tax allocation reserve 2010	42	42
Total untaxed reserves in the balance sheet	**661**	694

Appropriations	Parent Company	
SEK millions	**2011**	2010
Difference between booked depreciation and depreciation according to plan	-	1
Change in tax allocation reserve	33	-43
Total appropriations in the income statement	**33**	-42

24 Acquisition businesses and operations

In 2011, the net assets in the wear steel producer, Hard Wear Inc. USA, was acquired. The acquisition price amounted SEK 78 million and the acquired net assets were SEK 42 million. Also, in 2011, 30 % of the shares in Geha BV, the Netherlands, was acquired for SEK 21 million. Acquisition related costs have been expensed. The effect of the group's cash balance amounted to SEK -99 million.

Preliminary acquired net assets and goodwill, Hard Wear Inc.	Preliminary
SEK millions	**2011**
Acquisition price	78
Fair value acquired net assets	-70
Goodwill (Note 6)	8

Net assets at the time of the acquisition, SEK millions:	Acquisition value, net assets	Fair value
Intangible assets (Note 6)	-	21
Tangible fixed assets (Note 7)	17	16
Inventories (Note 9)	16	24
Accounts receivable	11	11
Accounts payable	-2	-2
Total acquired net assets	**42**	**70**
Goodwill		**8**
Purchase price Hard Wear Inc.		**-78**
Purchase price Geha BV		**-21**
Change in the Group's cash and cash equivalents		**-99**

25 Divested businesses and operations

No divestments have been done during the year. During 2010, Tibnor sold two smaller companies, AB Elof Johansson Metall-industri and Fastighetsaktiebolaget Rödingen, which generated a capital gain of SEK 28 million and had a positive impact on cash flow in the amount of SEK 32 million. The capital gain is included in the item "Other operating revenue" in 2010.

The Tubular operations were divested in 2008. In the income statement for 2010, SEK -164 million has been reported as Profit/loss after tax for discontinued operations. The cost relates to a provision for warranty obligations to the buyer regarding tax in respect of the period prior to the sale. Cash-flow 2010 was negatively affected by SEK 591 million due to payments under the warranty obligation.

26 Segments

The Group Executive Committee has determined segments based on the information that is used for taking strategic decisions. The key features of SSAB's strategic plan of action are based on increasing growth within niche products, increasing profitability at current plants, and strengthening the organization. From January 1, 2010, the business operations were reorganized into three geographic business areas, SSAB EMEA, SSAB Americas and SSAB APAC. The Tibnor distribution operations remain as a separate business segment. SSAB EMEA consist of Europe, the Middle East and Africa; SSAB Americas of North and Latin America; SSAB APAC of Asia, Australia and New Zealand and Tibnor of steel and metal distribution in northern Europe. The segment information is presented in the tables below:

Sales and results per business area

	Total sales		of which internal sales		Operating profit		Return on capital employed, %	
SEK millions	**2011**	2010	**2011**	2010	**2011**	2010 [4]	**2011**	2010 [4]
Business area:								
SSAB EMEA [1]	23,768	21,428	5,919	4,892	649	373	4	3
SSAB Americas [2]	17,099	14,581	166	83	2,109	1,169	27	16
SSAB APAC	2,811	2,326	0		324	232	29	33
Tibnor	7,244	6,696	70	52	254	421	14	22
Amortization on surplus values [3]					-758	-870		
Other incl. Group adjustments	-6,282	-5,148	-6,155	-5,027	-66	-193	-	-
Total	**44,640**	39,883			**2,512**	1,132	**5**	2

[1] Operating profit includes gain of SEK 275 (4) million on sales of emission rights.
[2] Operating profit and returns exclude surplus values on intangible and tangible assets. The return includes surplus values. Excluding surplus values the returns are 4 (1) percent.
[3] Depreciation and amortization on surplus values on intangible and tangible fixed assets related to the acquisition of IPSCO.
[4] Adjustments have been done as a consequence of changed accounting principles. See Note 28.

Balance and cash flow information per business area

	Capital employed		Depreciation and amortization [1]		Maintenance expenditures		Strategic expenditures		Operational cash flow [2]	
SEK millions	**2011**	2010 [1]	**2011**	2010	**2011**	2010	**2011**	2010	**2011**	2010 [1]
Business area:										
SSAB EMEA	17,969	18,052	1,150	1,121	1,087	632	699	694	1,261	-1,736
SSAB Americas	31,090	30,047	1,144	1,273	158	158	969	418	1,296	1,461
SSAB APAC	1,385	777	5	6	2	2	164	58	24	162
Tibnor	1,713	1,913	44	50	32	47	-	-	356	42
Other incl. Group adjustments	-599	-820	2	2	0	2	-	-	-116	-101
Total	**51,558**	49,969	**2,345**	2,452	**1,279**	841	**1,832**	1,170	**2,821**	-172

[1] SSAB America including depreciation and amortization on surplus values of SEK 758 (870) million.
[2] Adjustments have been done as a consequence of changed accounting principles. See Note 28.

26 Segments cont.

Geographical areas

The Group's export sales from Sweden are focused primarily on Europe. However, as a consequence of growth in the Group's niche products, sales on more distant markets are increasing. The manufacture of the Group's steel products has taken place almost exclusively in Sweden and the United States. Thus, investments other than in those countries have been small.

The table below shows the breakdown of the Group's sales per country/region, irrespective of where the products are manufactured.

Sales per country/region

SEK millions	2011	%	2010	%
Sweden	9,406	21	8,917	22
EU-27 (excl. Sweden)	12,320	28	11,223	28
Rest of Europe	2,348	5	2,218	6
North America	16,185	36	13,710	35
Asia	2,999	7	2,491	6
Rest of the world	1,382	3	1,324	3
Total	**44,640**	**100**	**39,883**	**100**

The table below shows the reported value of tangible and intangible assets and capital expenditures broken down by geographic areas according to the location of the assets.

	Tangible/Intangible assets				Capital expenditures			
SEK millions	2011	%	2010	%	2011	%	2010	%
Sweden	10,610	26	9,992	25	1,795	58	1,359	68
EU-27 (excl. Sweden)	189	0	191	1	18	1	12	1
Rest of Europe	16	0	31	0	4	0	3	0
North America	30,102	73	29,525	74	1,122	36	566	28
Asia	311	1	118	0	166	5	60	3
Rest of the world	14	0	158	0	6	0	11	0
Total	**41,242**	**100**	**40,015**	**100**	**3,111**	**100**	**2,011**	**100**

27 Financial risk management

Financial risk management is governed by the Group's finance policy. Most financial transactions take place through the parent company's finance function in Stockholm and through SSAB Finance Belgium. For further information about the Group's financial risk, see page 42.

Refinancing risks (liquidity risks)

At year-end, long-term borrowing amounted to SEK 16,940 (16,786) million. Borrowing takes place primarily through the bank market and through existing note and commercial paper programs. For borrowing for terms of up to ten years, a European Medium Term Note Program (EMTN) or a Swedish MTN program is used, while a Swedish commercial paper program is used for borrowing for shorter terms. The program limit of the EMTN program is EUR 2,000 million, the MTN program has a limit of SEK 7,000 million, while the commercial paper programs has a limit of SEK 5,000 million. The Swedish note program is rated by Standard & Poor's at BB+. At year-end, long-term borrowing within the EMTN program amounted to SEK 1,449 (1,428) million, borrowing within the MTN program amounted to SEK 3,500 (3,500) million, and borrowing within the commercial paper program amounted to SEK 1,922 (1,334) million.

The Group's liquidity preparedness, consisting of cash and cash equivalents, short-term investments and non-utilized binding credit facilities, amounted at year-end to SEK 13,341 (13,519) million, equal to 30 (34) percent of sales.

To the extent surplus liquidity arises, it is used first and foremost to repay loans. If that is not possible, the funds are invested in government securities or deposited with approved banks.

The total loan debt at year-end was SEK 20,547 (19,763) million, with an average term to maturity of 5.1 (3.3) years. The average term to maturity has been increased during the year partly by refinancing existing loans but also because of the fact that Alabama tax revenue bond now can be reported as long term as the term of the counter-guarantee which ensures the financing has been extended.

The maturity structure during the coming years is presented in Note 16.

The contractual payments as per December 31 on the outstanding loan debt, including interest payments and derivatives, are shown in the following table:

SEK millions	Book value	Contractual cash flow	2012	2013	2014	2015	2016	Later
Bond loans	7,072	8,712	338	338	2,354	233	2,233	3,216
Bank loans	9,487	9,865	3,816	4,387	872	790	-	-
Export financing	451	516	13	13	13	13	464	-
Alabama tax revenue bond	1,500	2,130	23	23	23	23	23	2,015
Commercial paper	1,922	1,926	1,926	-	-	-	-	-
Credit facilities	6	6	6	-	-	-	-	-
Other	109	122	42	54	1	1	1	23
Total	**20,547**	**23,277**	**6,164**	**4,815**	**3,263**	**1,060**	**2,721**	**5,254**
Derivatives, inflow, net	-3,172	-3,172	-1,260	-130	-20	-812	-	-950
Derivatives, outflow, net	3,255	3,255	1,284	145	40	817	-	967
Total including derivatives	**20,630**	**23,360**	**6,188**	**4,830**	**3,283**	**1,065**	**2,721**	**5,271**

In addition to the above loan debts and derivatives, there are accounts payable and other current liabilities which are due and payable within one year. Interest flows are calculated based on interest rates and exchange rates at year-end.

27 Financial risk management cont.

Market risks

Market risks are the risk of changes in market prices, such as interest rates and exchange rates, that can affect the Group's earnings or financial position.

INTEREST RATE RISKS

At the end of the year, the total loan debt amounted to SEK 20,547 (19,763) million, of which SEK 5,465 (2,940) million were carried or swapped to fixed interest. Including the interest rate swaps, the average fixed rate term was 1.1 (0.7) years. Given the same loan debt, short-term investments, cash and cash equivalents and the same fixed rate terms as at the end of the year, a change in market interest rates of 100 points (1 percentage point), including interest hedging, would change earnings after tax by approximately SEK 100 (120) million. Loans which are subject to rate renegotiation in the coming years are shown in Note 16.

At the end of the year, the value of interest rate swaps reported under hedge accounting was SEK 0 (-5) million and loan reappraisal amounted to SEK 0 (5) million. During the year the interest rate swaps from fixed to floating rate have been terminated with a realized profit of SEK 19 million, which was accrued over the term of the loan. During the year, two floating rate debts were converted from floating to fixed interest, using interest rate swaps. The interest rate swaps were entered into to secure cash flow from interest payments and had a value at the end of the period of SEK -14 (0) million, which has been recorded in other comprehensive income. No inefficiency was identified during the year.

The Group's interest-bearing assets amounted to SEK 2,315 (2,360) million and consisted of cash equivalents and restricted cash which both are at variable rates of interest.

CURRENCY RISKS

To handle the transaction risk, most of the commercial currency flows which qualify for hedge accounting (at present purchases of coal and iron ore in USD and sales in EUR) are hedged. Major investments decided upon in foreign currency are hedged in their entirety. Other commercial currency flows that arise in connection with purchases and sales in foreign currency are short term in nature and thus no hedging takes place; instead, they are exchanged on the spot market.

The Group had a total net inflow of foreign currency. The net foreign currency inflow in 2011 was SEK 3.5 (4.9) billion. The Group's most important currency flows are shown in the diagram on page 42.

Based on revenues and expenses in foreign currency in 2011, a five percentage point devaluation of the Swedish krona against other currencies, including hedging, would have an annual positive effect on earnings after tax of just over SEK 270 (180) million.

A five percentage point devaluation of the Swedish krona against the Group's two most important currencies, USD and EUR, would have a negative impact on earnings after tax of SEK 260 (330) million with respect to USD and a positive impact of just over SEK 440 (300) million with respect to EUR. The negative effect vis-à-vis USD consists of an increased cost for the Group's purchases of the raw materials, coal, iron ore and scrap metal, in the amount of SEK 600 (560) million, a positive effect on the business' net flows of USD in other respects of approximately SEK 350 (240) million, and a negative impact as regards increased interest payments of just over SEK 10 (10) million. The positive effect vis-à-vis EUR derives from the business' net flows.

In 2011, net exchange rate differences were booked in the amount of SEK +268 (+56) million in operating profit and SEK -8 (-20) million in financial items.

As per December 31, the breakdown per currency of the accounts receivable, other current receivables and derivative instruments was as follows:

	Group		Parent Company	
SEK millions	**2011**	2010	**2011**	2010
SEK	1,637	1,741	26	4
USD	1,920	1,324	23	5
EUR	1,892	1,850	-	-
Other currencies	1,210	812	-	-
Total	**6,659**	5,727	**49**	9
of which:				
Accounts receivable	5,734	5,057	26	-
Other current receivables	503	439	-	4
Derivative instruments [1]	422	231	23	5
Total	**6,659**	5,727	**49**	9

[1] Derivative instruments are included in the balance sheet item, Prepaid expenses and accrued income, in the amount of SEK 422 (231) million and for the parent company with SEK 23 (5) million.

27 Financial risk management cont.

As per December 31, the breakdown per currency of the accounts payable, other current liabilities and derivative instruments was as follows:

	Group		Parent Company	
SEK millions	2011	2010	2011	2010
SEK	1,558	1,565	11	22
USD	2,126	2,015	23	6
EUR	598	701	14	3
Other currencies	182	94	-	-
Total	**4,464**	4,375	**48**	31
of which:				
Accounts payable	4,296	4,048	9	10
Other current liabilities	168	185	2	6
Derivative instruments [1]	83	142	37	15
Total	**4,547**	4,375	**48**	31

[1] Derivative instruments are included in the balance sheet item, Accrued expenses and deferred income, in the amount of SEK 83 (142) million and for the parent company with SEK 37 (15) million.

The Group's borrowing broken down per currency is shown below:

	Group		Parent Company	
SEK millions	2011	2010	2011	2010
SEK	9,265	9,081	9,241	9,044
USD	10,972	10,170	9,292	9,082
EUR	458	378	-	0
Other currencies	33	134	-	-
Total	**20,547**	19 ,763	**18,533**	18,126

As shown above, the Group's borrowing in foreign currency is largely in USD.

Borrowing in USD has not been hedged since exchange rate differences on loans are offset by exchange rate differences on the net investment in the SSAB Americas operations and the net investment in SSAB Finance Belgium.

The objective is to obtain an even balance in which the currency effect on the net investment in the North American operations and SSAB Finance Belgium has as little impact as possible on the Group's net debt/equity ratio.

At year-end, this net investment amounted to USD 4,314 (4,314) million. In total, hedged accounted loans and currency derivatives amounted to USD 1,585 (1,585) million.

At year end, the accumulated fair value change in the hedge reserve on the part that was defined as loans and derivatives amounted to SEK -2,592 (-2,437) million. During the year, an inefficiency of SEK 0 (-11) million was identified and has been reported in its entirety in the result.

Credit risk

The limits for individual counterparties are evaluated continuously and during 2011, these have remained unchanged at SEK 1,500 (1,500) million. The total counterparty risk in derivative instruments at year-end was SEK 2,000 (1,402) million, of which derivative instruments accounted for SEK 352 (88) million and investments in cash equivalents accounted for SEK 1,648 (1,314) million.

In addition to the above, there are credit risks associated with accounts receivable and other receivables, which are managed in each subsidiary. Prior to write down in respect of bad debts, these receivables had a gross value of SEK 6,316 (5,590) million. The risk is allocated over a large number of customers. In addition, individual credit rating tests are conducted and limits imposed for each customer.

27 Financial risk management cont.

Age analysis regarding Accounts receivable and Other receivables	Group		Parent Company	
SEK millions	2011	2010	2011	2010
Not due	4,788	4,591	31	4
0–30 days	952	637	-	-
31–120 days	374	169	-	-
121–365 days	45	27	-	-
> 365 days	64	72	-	-
Total	**6,223**	**5,496**	**31**	**4**

Bad debts, change	Group		Parent Company	
SEK millions	2011	2010	2011	2010
Opening balance	-95	-174	-	-
Anticipated bad debt losses	-40	-66	-	-
Realized bad debt losses	33	43	-	-
Reversed non-utilized amount	13	100	-	-
Translation differences	-4	2	-	-
Closing balance	**-93**	**-95**	**-**	**-**

No other financial assets have been written-down.

Valuation of financial instruments

CURRENCY DERIVATIVES AND INTEREST RATE SWAPS

According to the financing policy, currency hedging takes place mainly to minimize the translation risk associated with the impact of changes in exchange rates on the net debt/equity ratio. The translation exposure is hedged primarily through loans in the same currency, in the absence of which currency derivatives may be used instead. At year-end, investment in SSAB Americas operations was hedged with loans amounting to USD 1,335 (1,335) million and derivative instruments amounting to USD 250 (250) million.

Currency hedging takes place also with respect to purchases of coal and iron ore, as well as for major investments in foreign currency. Only currency derivatives are used to hedge such currency risks and all currency derivatives are valued at fair value on the balance sheet. For the currency hedging which meets the requirements for hedge accounting pursuant to IAS 39 and comprises fair value hedging, changes in value of the currency derivative do not impact earnings but, rather, are set off in the income statement against corresponding changes in value of the hedged order. In connection with the delivery of such hedged purchases, the hedged part of the acquired asset is booked at the hedged rate, and thus no separately booked exchange rate difference arises on the purchase. At year end, purchase orders for which currency futures had been contracted had a total value of SEK 3.0 (2.2) billion. At year-end, derivative instruments for "fair value hedging" had a booked fair value of SEK +170 (-90) million, while purchases reported in hedge accounting were booked at SEK -170 (90) million, entailing that there was no inefficiency at the end of the accounting year.

Currency hedging also takes place on sales in EUR. For currency hedging which meets the requirements for hedge accounting, changes in value of a currency derivative do not impact on earnings but, rather, are reported in the statement of comprehensive income as a hedge reserve. In connection with sales, accumulated amounts are reversed from the hedge reserve in equity to the income statement in the periods in which the hedged item affects earnings. At year-end, the total value of forecast sales in respect of which currency futures had been contracted was SEK 5.9 (5.4) billion. Derivative instruments which relate to forecast sales and which meet the requirements for hedge accounting amounted to net SEK 101 (221) million, where of SEK 91 (181) million of the value has been booked against the hedge reserve in the statement of comprehensive income. There was no inefficiency at the end of the accounting year.

Fair value hedging also takes place with respect to certain bond loans carrying floating interest where a variable to fixed interest rate swap is used. For interest rate derivatives which meet the requirements for hedge accounting pursuant to IAS 39, changes in value of the interest rate derivative do not impact earnings but, rather, are recorded in the statement of other comprehensive income. At year-end, interest rate derivatives had a booked fair value of SEK -14 (0) million, of which SEK -14 (0) million have been recorded in other comprehensive income. There was no inefficiency at the end of the accounting year.

27 Financial risk management cont.

Derivative instruments which are not reported in hedge accounting are valued at fair value over the income statement. At year-end, net non-realized derivative instruments amounted to SEK 102 (-38) million, of which SEK 0 (0) million was reported in "Other operating income" and SEK 102 (-38) million in "Financial items". The net result from realized derivatives amounted during the year to SEK -113 (3) million, which was reported in its entirety in "Financial items". The Group's total outstanding derivatives at year end had an average remaining term of 11 (16) months.

Valuation of financial assets and liabilities

The table below shows the reported value compared with the assessed fair value per type of financial asset and liability:

Group	Reported value	Fair value	Reported value	Fair value
SEK millions	**2011**	**2011**	2010	2010
Financial assets				
3. Financial, fixed assets	106	106	77	77
1. Currency derivatives not subject to hedge accounting [1]	109	109	2	2
6. Currency derivatives for "fair value hedging" of flows [1]	208	208	3	3
6. Currency derivatives for hedging of net investment [1]	-	-	5	5
6. Currency derivatives for cash-flow hedging of sales [1]	105	105	221	221
3. Accounts receivable	5,734	5,734	5,057	5,057
3. Other current interest-bearing receivables	458	458	971	971
3. Cash and cash equivalents	1,648	1,648	1,314	1,314
Financial liabilities				
5. Long-term interest-bearing liabilities	16,940	17,286	15,831	16,034
7. Long-term interest-bearing liabilities	-	-	994	994
5. Current interest-bearing liabilities	3,607	3,607	2,977	2,977
1. Currency derivatives not subject to hedge accounting [1]	7	7	40	40
6. Currency derivatives for "fair value hedging" of flows [1]	38	38	93	93
6. Currency derivatives for cash flow hedging of sales[1]	1	1	-	-
6. Currency derivatives for hedging of net investment [1]	23	23	3	3
6. Currency derivatives for cash-flow hedging of interest rates[1]	14	14	-	-
6. Intrest rate derivates for "fair value hedging" [1]	-	-	6	6
5. Accounts payable	4,296	4,296	4,048	4,048

[1] Derivative instruments are included in the balance sheet item prepaid expenses and accrued revenue and accrued expenses and deferred revenue.

Balance sheet item classification:

1. Holding valued at fair value in the income statement.
2. Holding to maturity.
3. Loan claims and accounts receivable.
4. Assets available for sale.
5. Financial liabilities valued at amortized cost.
6. Derivatives for hedging.
7. Long-term liabilities valued at amortized cost adjusted for fair value changes of the hedged risk.

Financial fixed assets consist largely of other long-term receivables and are valued at the amount which is expected to be received following an assessment of bad debts.

Derivative instruments are valued at fair value and calculated based on a model taking into account observable market data derived from prices on a listed market.

Accounts receivable are reported in the amount which is expected to be received following an individual assessment of bad debt. There is no concentration of credit risks since the Group has a large number of customers spread throughout the world.

Other current interest-bearing receivables consist of restricted cash with terms to maturity of less than 12 months. Fair value is estimated at the acquisition value.

Cash and cash equivalents consist of bank balances and deposits at banks with short terms until maturity and the fair value is estimated at the acquisition value.

Long-term interest-bearing liabilities consist primarily of loans and are valued at amortized cost. Loans which are reported in hedge accounting are valued and booked at fair value. Fair value has been calculated based on the rate of interest for outstanding terms to maturity as applicable at the end of the year.

Current interest-bearing liabilities are valued at amortized cost. Fair value has been calculated based on the rate of interest for outstanding terms to maturity as applicable at the end of the year. Accounts payable are reported in the amount which is expected to be paid and valued at acquisition value.

Management of capital

The Company's capital management objective is to ensure that the operations can continue to be conducted to generate good returns for the shareholders. Since the Group's operations are dependent on the business cycle, the target is to maintain a long-term net debt/equity ratio of around 30 percent.

In order to maintain or adapt the capital structure, dividends may be adjusted, share buy-backs or redemption may take place, or new issues or divestments of assets may take place in order to reduce liabilities.

During the year, the net debt/equity ratio increased somewhat. The net debt/equity ratio at year end was 60 (59) percent.

28 Changes in accounting principles

The Group has changed accounting principles regarding the reporting of actuarial profits/losses arising in conjunction with the determination of the present value of pension obligations and fair value of assets under management. The change in accounting principles has taken place since the assessment is made that the new principle provides a truer and fairer view, and as a stage in the adaptation of the accounting principles to impending changes in IAS 19. Actuarial profit/losses were previously reported directly in the income statement, but as from the 2011 financial year, are reported in Other comprehensive income.

The Group has also changed accounting principles as regards the reporting of tax credits relating to investments being made in Mobile, Alabama, USA. Previously, these credits were reported as Deferred tax receivables. Changes in value have been reported in the income statement as Tax. Commencing 2011, the Group reports this, in agreement with IAS 20, as a government grant among Other operating income. The credits are disbursed provided certain conditions are fulfilled (relating to a minimum number of employees and a requirement of a certain wage level) and regulated through a deduction taking place in the State income tax which would otherwise be payable; however, the credit per se is intended to reward investments and employment in the State, and thus the assessment is made that the new principle provides a truer and fairer view. The estimated future credits are reported as Deferred income, at the same time as a Deferred tax receivable is booked regarding the estimated future tax reduction. Changes in value are reported on these accounts in the balance sheet, without any effect in the income statement. When the conditions for the credits are fulfilled, they are booked as Other operating income in the income statement.

Due to a change in RFR 2, the Group has changed accounting principles as regards the reporting of group contributions. The change is applicable commencing January 1, 2011 and the comparison year 2010 has been adjusted. Received and paid group contributions are now reported as a financial income or expense in the income statement, whereas they were previously reported directly in equity. In the annual report, only the parent company is affected. However, the equity of the parent company has not changed due to the change in accounting principle.

The consequences of changed accounting principles are disclosed in the tables below. The effects in equity are disclosed in the Consolidated statement of changes in equity on page 57.

Consolidated income statement

			Effects		
		With previous principles, 2010	**Pensions**	**Investment grant (tax credit)**	**With new principles, 2010**
SEK millions	Note				
Sales		39,883			39,883
Cost of goods sold	2	-35,938	10		-35,928
Gross profit		**3,945**	**10**		**3,955**
Selling expenses		-1,444			-1,444
Administrative expenses	2	-1,388	-2		-1,390
Other operating income	1	449		40	489
Other operating expenses		-535			-535
Shares in earnings of affiliated companies and joint ventures after tax		57			57
Operating profit		**1,084**	**8**	**40**	**1,132**
Financial income		30			30
Financial expenses		-432			-432
Profit after financial items		**682**	**8**	**40**	**730**
Taxes	5	82	-3	-40	39
Profit for the year, continuing operations		**764**	**5**	**-**	**769**
Profit for the year, discontinuing operations		**-164**			**-164**
Profit for the year		**600**	**5**	**-**	**605**
of which attributable to:					
• Parent Company's shareholders		552	5	-	557
• non-controlling interests		48			48
Earnings per share, SEK	12	1.70	0.02	-	1.72
• of which for continuing operations		2.21	0.02	-	2.23
• of which for discontinuing operations		-0.51			-0.51

28 Changes in accounting principles cont.

Consolidated balance sheet

SEK millions	Note	With previous principles, Jan. 1, 2010	Effects: Pensions	Effects: Investment grant (tax credit)	With new principles, Jan. 1, 2010	With previous principles, Dec. 31, 2010	Effects: Pensions	Effects: Investment grant (tax credit)	With new principles, Dec. 31, 2010
ASSETS									
Total fixed assets	14	**42,779**	**0**		**42,779**	**40,646**	**1**		**40,647**
Total current assets		**17,640**			**17,640**	**20,407**			**20,407**
TOTAL ASSETS		**60,419**	**0**		**60,419**	**61,053**	**1**		**61,054**
EQUITY AND LIABILITIES									
Equity	12								
Share capital		2,851			2,851	2,851			2,851
Other contributed funds		9,944			9,944	9,944			9,944
Reserves		-916		3	-913	-2,047	-1	6	-2,042
Retained earnings		18,962	-1	-59	18,902	19,137		-61	19,076
Total equity for the share-holders in the Company		**30,841**	**-1**	**-56**	**30,784**	**29,885**	**-1**	**-55**	**29,829**
Non-controlling interests		**161**			**161**	**191**			**191**
TOTAL EQUITY		**31,002**	**-1**	**-56**	**30,945**	**30,076**	**-1**	**-55**	**30,020**
Long-term liabilties									
Long-term interest bearing liab.		14,878			14,878	16,786			16,786
Deferred income	17			56	56			55	55
Pension provisions	13	135	1		136	135	2		137
Deferred tax liabilities	14	5,283			5,283	4,952			4,952
Other long-term provisions		415			415	119			119
Total long-term liabilities		**20,711**	**1**	**56**	**20,768**	**21,992**	**2**	**55**	**22,049**
Total current liabilities		**8,706**	**-**	**-**	**8,706**	**8,985**			**8,985**
TOTAL EQUITY AND LIABILITIES		**60,419**	**-**	**-**	**60,419**	**61,053**	**1**	**-**	**61,054**

28 Change in accounting principles cont.

Consolidated statement of comprehensive income

SEK millions	Note	With previsions principles, 2010	Effects: Pensions	Effects: Investment grant (tax credit)	With new principles, 2010
Profit for the year		**600**	**5**	**-**	**605**
Other comprehensive income	12				
Translation differences for the year		-1,762		3	-1,759
Cash flow hedges		181			181
Hedging of currency risks in foreign operations		599			599
Actuarial gains/losses pensions		-	-10		-10
Share in other comprehensive income of affiliated companies and joint venture		-			-
Tax attributable to comprehensive income		-205	3		-202
Other comprehensive income for the year		**-1,187**	**-7**	**3**	**-1,191**
Total comprensive income for the year		**-587**	**-2**	**3**	**-586**
Of which attributable to:					
• Parent Company's shareholders		-632	-2	3	-631
• non-controlling interests		45			45

Consolidated cash flow statement

SEK millions	With previous principles, 2010	Effects: Pensions	Effects: Investment grant (tax credit)	With new principles, 2010
Operating profit	1,084	8	40	1,132
Adjustment depreciation and write-downs	2,451			2,451
Adjustment other non-cash items	-112	-8		-120
Received and paid interests	-392			-392
Paid tax	-127		-40	-167
Change in working capital	-2,852			-2,852
Cashflow from operating activities	**52**	**-**	**-**	**52**
Cash flow from investing activities	**-2,513**			**-2,513**
Cash flow from financing activities	**123**			**123**
Cash flow for the year	**-2,338**	**-**	**-**	**-2,338**
Cash and cash equivalents at the beginning of the year	3,652			3,652
Translation differences in cash and cash equivalents	0			0
Cash and cash equivalents at the end of the year	**1,314**	**-**	**-**	**1,314**

28 Change in accounting principles cont.

Parent Company's income statement

		Effects		
		With previous principles, 2010	Group contribution	With new principles, 2010
SEK millions	Note			
Gross profit		**-**		**-**
Administrative expenses		-202		-202
Other operating income		2,089		2,089
Other operating expenses		-164		-164
Operating profit		**1,723**		**1,723**
Dividend from subsidiaries		98		98
Financial items	4	-233	-75	-308
Profit after financial items		**1,588**	**-75**	**1,513**
Appropriations		-42		-42
Profit before tax		**1,546**	**-75**	**1,471**
Taxes	5	99	19	118
Profit for the year		**1,645**	**-56**	**1,589**

Parent Company's statement of comprehensive income

	Effects		
	With previous principles, 2010	Group contribution	With new principles, 2010
SEK millions			
Profit for the year	**1,645**	**-56**	**1,589**
Other comprehensive income			
Hedges of currency risks in foreign operations	599		599
Tax attributable to hedges of currency risks in foreign operations	-157		-157
Other comprehensive income for the year	**442**		**442**
Total comprehensive income for the year	**2,087**	**-56**	**2,031**

The change in principles has not, however, resulted in any change in the parent company's equity, since in accordance with the previous principle group contributions were reported as deductions directly in equity.

29 Critical estimations and assessments

Important assessments upon application of the accounting principles

In the steel operations' industrial areas, there is a need for future land clean up. In accordance with applicable rules, such clean up will become relevant only when SSAB ceases to conduct operations in the area. At present, it is not possible to assess if and when operations will cease and, accordingly, no provision has been made for such land clean up.

Important sources of uncertainty in estimations

TEST OF IMPAIRMENT OF GOODWILL

On November 30, the annual impairment test was carried out of the goodwill which arose in conjunction with the acquisition of IPSCO. The test showed no impairment. The valuation was carried out at a time when the global economy is still characterized by great uncertainty and, under such circumstances, it is of course extraordinary difficult to make an assessment as regards future earning capacity and thereby an assessment of the fair value of goodwill. The assessment is, however, that no reasonable changes in any important assumptions would lead to any impairment, see Note 6.

Not until the estimated discount rate before tax which was applied to the discounted cash flows would be 2.0 percentage points higher than the assessment made in the calculation or not until the long term forecasted gross margin would be 3.6 percentage points lower than the assessment made in the calculation, should any need to start writing down goodwill arise.

ALABAMA TAX CREDIT

SSAB's subsidiary in Alabama, USA has carried out a number of investments which are covered by a program for investment grant. The program provides an entitlement to tax deductions on the calculated state tax for each year, in respect of the profit which can be allocated to each specific investment. The program extends over 20 years and, in order to obtain the grant in any specific year, state tax must be payable and certain criteria must be fulfilled as regards number of employees and paid minimum wages. A calculation of the future state tax has been made based on results in previous years, budget, and assumptions regarding future profitability. However, since it is unclear to what extent the company will satisfy the criteria for receiving this grant, a reservation in respect of the estimated future investment grant has been made in the balance sheet as long-term deferred income of the same amount. Dissolution of this reserve will take place in pace with the company's assessment of the likelihood that it will obtain the grant. In the event the company fails to satisfy the criteria as regards workforce size and minimum wages, no grant will be received at all.

PENSION BENEFITS

A large part of the Group's pension obligations with respect to white collar staff are benefit based and insured on a collective basis with Alecta. Since it is not possible at present to obtain information from Alecta regarding the Group's share of the obligations and managed assets, the pension plan taken out with Alecta is reported as a contribution based plan. The funding level reported by Alecta at the end of the year does not indicate the existence of a deficit; however, it is not possible to obtain any detailed information from Alecta regarding the amount of the pension liabilities.

ACCOUNTS RECEIVABLE

Provision for bad debts is based on assessments of the customers' payment ability and are by nature difficult to estimate. The item has been the subject of special assessment and, compared with the preceding year, the provision for bad debts was decreased by SEK 2 million to SEK 93 (95) million, thereby representing 1.6 (1.8) percent of outstanding accounts receivable.

OTHER PROVISIONS

Assessments take place regularly regarding possible additional claims from the purchaser of the tubular business with respect to warranty undertakings relating to the period prior to the sale. During the past year, nothing has come to light to indicate that the provision made in respect of the warranty is insufficient. See other provisions, Note 15.

30 Definitions

Capital employed
Total assets less non-interest-bearing current and long-term liabilities.

Cash and cash equivalents
Cash and bank balances, as well as short-term investments with a term to maturity of less than three months on the date of acquisition.

Cash flow from current operations
Operational cash flow less financial items and paid tax.

Earnings per share
Profit for the year attributable to the parent company's shareholders divided by the average number of shares.

EBITDA margin
Result before depreciation and amortization as a percentage of total sales.

Equity
Total equity according to the consolidated balance sheet.

Equity per share
Equity, excluding minority interests, divided by number of shares at year end.

Equity ratio
Equity as a percentage of total assets.

Maintenance investments
Investments involving maintenance, rationalization, replacements or which relate to the environment and are made in order to maintain competitiveness.

Net debt
Interest-bearing liabilities less interest-bearing assets.

Net debt/equity ratio
Net debt as a percentage of equity.

Operating cash flow
Funds generated from operations including change in working capital as well as cash flow for regular maintenance investments, but before financial items and paid tax.

Operating margin
Operating result as a percentage of total sales.

P/E ratio
Share price at year end divided by earnings per share.

Return on equity after tax
Profit for the year after tax as a percentage of average equity per month during the year.

Return on capital employed before tax
Operating profit increased by financial revenue as a percentage of average capital employed per month during the year.

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

Strategic investments
Investments that increase the cash flow through acquisitions of businesses, investments in plant expansion or new competitiveness-enhancing technology.

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

31 Considerations relating to proposed allocation of profit

At the 2012 Annual General Meeting, the shareholders shall, among other things, vote on the dividend proposed by the Board of Directors.

At the end of the year, the net debt was SEK 18,475 (17,589) million, entailing a net debt/equity ratio of 60 (59) percent. The Group's long-term target over a business cycle is 30 percent. The average term to maturity on the loan portfolio at the end of the year was 5.1 (3.3) years, and no major loans will mature during the coming year. The Group's retained earnings amounted to SEK 19,742 (19,075) million and the parent company's unrestricted funds to SEK 26,853 (27,234) million. Equity included unrealized profits resulting from financial instruments being reported at market value in the amount of SEK 0 (1) million. Since the end of the year, nothing material has occurred which has had a negative impact on the Group's financial position.

According to SSAB's financial targets, dividends over a business cycle shall comprise approximately 50 percent of profit after tax. In recent years, SSAB has been slightly below this target. In proposing the dividend, the Board of Directors has weighed the positive result generated in 2011, amounting to SEK 1,560 million, against the financial target for dividend. Against this background, the Board has decided to propose to the Annual General Meeting that the dividend to be unchanged and thus that a dividend be paid of SEK 2.00 (2.00) per share, equal to SEK 648 (648) million. The dividend will thereupon, measured at the turn of the year, increase the net debt/equity ratio of the Group to 63 percent.

The Board believes that the proposed distribution of profit to the shareholder is defensible with respect to both the Company and the Group, taking into consideration the demands placed by the nature, scope and risks associated with the operations regarding the size of equity and also taking into account the need to consolidate the balance sheet, financing, liquidity and financial position in general.

Proposed allocation of profit

The amount at the disposal of the Annual General Meeting of SSAB AB, reg.no. 556016-3429 is as follows

Retained earnings	26,463
Profit for the year	391
SEK millions	26,854

Of this, a share premium reserve comprises SEK 9,391 million and a fair value reserve comprises SEK 1,890 million.

The Board of Directors and President recommend that the profit be allocated as follows:

Dividend to the shareholders	
SEK 2.00 per share	648
Carried forward to next year	26,206
SEK millions	26,854

According to the consolidated balance sheet, the Group's retained earnings amounted to SEK 19,742 (19,075) million.

The Board of Directors and the President hereby affirm that the consolidated financial statements have been prepared in accordance with international accounting standards, IFRS, as adopted by the EU and provide a true and fair view of the Group's financial position and earnings. The Annual Report has been prepared in accordance with generally accepted accounting principles and provides a fair and true view of the parent company's financial position and earnings. The report of the directors for the Group and the parent company provides a true and fair overview of the development of the operations, financial position and earnings of the Group and parent company and describes material risks and uncertainty factors facing the parent company and the companies included in the Group.

Stockholm, February 9, 2012

Sverker Martin-Löf
Chairman

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

Our auditor's report was submitted on February 17, 2012
PricewaterhouseCoopers AB

Claes Dahlén
Authorized public accountant

Auditor's report

To the annual meeting of the shareholders of SSAB AB (publ), corporate identity number 556016-3429

Report on the annual accounts and consolidated accounts

We have audited the annual accounts and consolidated accounts of SSAB AB for the year 2011. The annual accounts and consolidated accounts of the company are included in the printed version of this document on pages 11–109.

RESPONSIBILITIES OF THE BOARD OF DIRECTORS AND THE MANAGING DIRECTOR FOR THE ANNUAL ACCOUNTS AND CONSOLIDATED ACCOUNTS

The Board of Directors and the Managing Director are responsible for the preparation and fair presentation of these annual accounts and consolidated accounts in accordance with International Financial Reporting Standards , as adopted by the EU, and the Annual Accounts Act, and for such internal control as the Board of Directors and the Managing Director determine is necessary to enable the preparation of annual accounts and consolidated accounts that are free from material misstatement, whether due to fraud or error.

AUDITOR'S RESPONSIBILITY

Our responsibility is to express an opinion on these annual accounts and consolidated accounts based on our audit. We conducted our audit in accordance with International Standards on Auditing and generally accepted auditing standards in Sweden. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the annual accounts and consolidated accounts are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the annual accounts and consolidated accounts. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the annual accounts and consolidated accounts, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the company's preparation and fair presentation of the annual accounts and consolidated accounts in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Board of Directors and the Managing Director, as well as evaluating the overall presentation of the annual accounts and consolidated accounts.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

OPINIONS

In our opinion, the annual accounts have been prepared in accordance with the Annual Accounts Act and present fairly, in all material respects, the financial position of the parent company as of 31 December 2011 and of its financial performance and its cash flows for the year then ended in accordance with the Annual Accounts Act, and the consolidated accounts have been prepared in accordance with the Annual Accounts Act and present fairly, in all material respects, the financial position of the group as of 31 December 2011 and of their financial performance and cash flows in accordance with International Financial Reporting Standards, as adopted by the EU, and the Annual Accounts Act. A corporate governance report has been prepared. The statutory administration report and the corporate governance report are consistent with the other parts of the annual accounts and consolidated accounts.

We therefore recommend that the annual meeting of shareholders adopt the income statement and balance sheet for the parent company and the group.

Report on other legal and regulatory requirements

In addition to our audit of the annual accounts and consolidated accounts, we have examined the proposed appropriations of the company's profit or loss and the administration of the Board of Directors and the Managing Director of SSAB AB for the year 2011.

RESPONSIBILITIES OF THE BOARD OF DIRECTORS AND THE MANAGING DIRECTOR

The Board of Directors is responsible for the proposal for appropriations of the company's profit or loss, and the Board of Directors and the Managing Director are responsible for administration under the Companies Act.

AUDITOR'S RESPONSIBILITY

Our responsibility is to express an opinion with reasonable assurance on the proposed appropriations of the company's profit or loss and on the administration based on our audit. We conducted the audit in accordance with generally accepted auditing standards in Sweden.

As a basis for our opinion on the Board of Directors' proposed appropriations of the company's profit or loss, we examined the Board of Directors' reasoned statement and a selection of supporting evidence in order to be able to assess whether the proposal is in accordance with the Companies Act.

As a basis for our opinion concerning discharge from liability, in addition to our audit of the annual accounts and consolidated accounts, we examined significant decisions, actions taken and circumstances of the company in order to determine whether any member of the Board of Directors or the Managing Director is liable to the company. We also examined whether any member of the Board of Directors or the Managing Director has, in any other way, acted in contravention of the Companies Act, the Annual Accounts Act or the Articles of Association.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

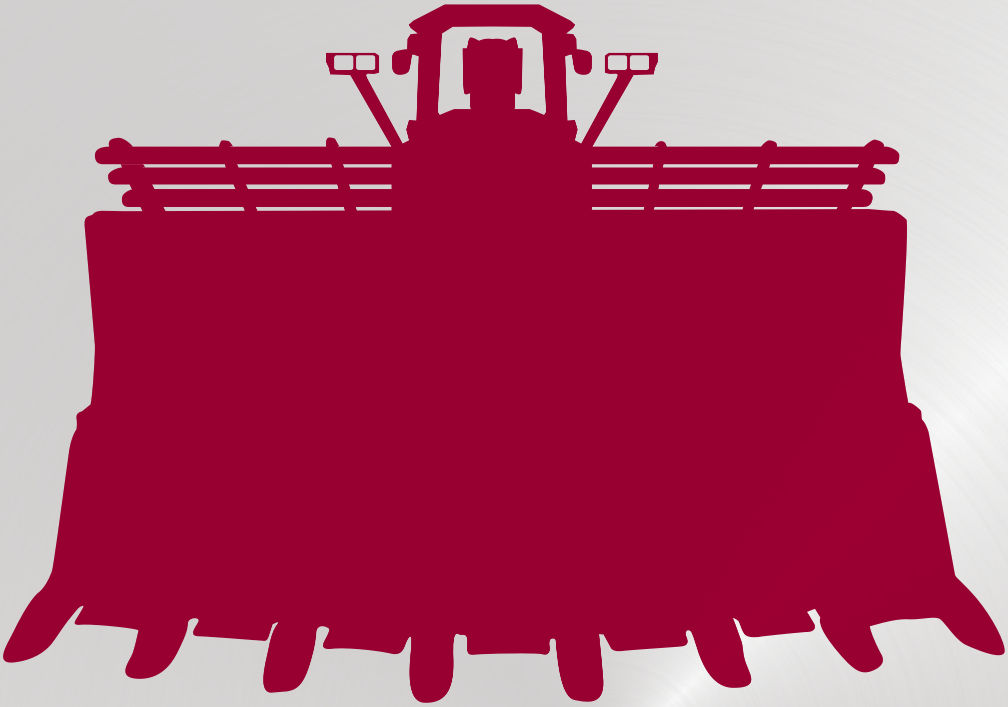
OPINIONS

We recommend to the annual meeting of shareholders that the profit be appropriated in accordance with the proposal in the statutory administration report and that the members of the Board of Directors and the Managing Director be discharged from liability for the financial year.

Stockholm 17 February 2012

PricewaterhouseCoopers AB

Claes Dahlén
Authorized Public Accountant



Organization and share data

The section entitled Organization and share data contains a presentation of SSAB's Board of Directors and Group Executive Committee, facts concerning the SSAB share and its performance on the stock exchange in 2011, as well as information concerning the 2012 Annual General Meeting and calendar.

Board of Directors

Directors appointed by the Annual General Meeting

① ② ③ ④ ⑤ ⑥ ⑦ ⑧ ⑨

① Lars Westerberg (1948)

Elected 2006.
Shareholding: 10,000 shares.

M.Sc. and MBA.
Board Chairman: Husqvarna and Stena.
Director: Volvo and Sandvik.
Formerly President and CEO of Autoliv and Gränges.

② Anders Nyrén (1954)

Elected 2003.
Shareholding: 2,812 shares.

M.Sc. in Economics, MBA.
President and CEO of Industrivärden.
Board Chairman: Sandvik. Deputy Board Chairman: Handelsbanken. Director: Ericsson, Industrivärden, SCA, Volvo, Ernström-gruppen and Stockholm School of Economics.
Formerly Executive Vice President of Skanska.

③ Matti Sundberg (1942)

Elected 2004.
Shareholding: 10,000 shares.

Mining Counsellor, M.Sc. in Business and Economics, Dr h.c. Ph. and Econ.
Board Chairman: Chempolis and Finnish Ski Association. Director: Boliden, Skanska, Grängesberg Iron and FIS.
Formerly President and CEO of Valmet/Metso and Ovako Steel.

④ Jan Johansson (1954)

Elected 2011.
Shareholding: 5,000 shares.

LLM.
President and CEO of SCA.
Director: SCA and Handelsbanken.
Formerly President and CEO of Boliden as well as senior positions within Vattenfall and the Shell Group.

⑤ Sverker Martin-Löf (1943)

Chairman of the Board. Elected 2003, Chairman since 2003.
Shareholding: 21,563 shares.

Licentiate of Technology, Dr h.c.
Board Chairman: Industrivärden, SCA and Skanska. Deputy Board Chairman: Ericsson.
Director: Handelsbanken.
Formerly President and CEO of SCA.

⑥ Anders G Carlberg (1943)

Elected 1986.
Shareholding: 6,000 shares.

M.Sc. in Economics.
Board Chairman: Höganäs. Deputy Board Chairman: Sapa. Director: Axel Johnson Inc., Mekonomen, Beijer Alma, Sweco and Investment AB Latour.
Formerly President and CEO of Nobel Industrier, J.S. Saba and Axel Johnson International as well as Executive Vice President of SSAB.

⑦ John Tulloch (1947)

Elected 2009.
Shareholding: 15,000 shares.

B. in Agricultural Science, M.Sc.
Formerly Executive Vice President, Steel & Chief Commercial Officer of IPSCO and Executive Vice President of SSAB & President Division IPSCO.

⑧ Annika Lundius (1951)

Elected 2011.
Shareholding: 2,000 shares.

LLM.
Deputy Director-General of the Confederation of Swedish Enterprise.
Formerly Legal Director and Financial Council, Swedish Ministry of Finance and CEO, Confederation of the Swedish Insurance Industry and Employers Association.

⑨ Martin Lindqvist (1962)

Elected 2011.
Shareholding: 17,109 shares.

B. Sc. in Economics.
President and CEO of SSAB. Employed at SSAB since 1998.
Chairman of the Council of Jernkontoret (Swedish Steel Producers' Association).
Director: Indutrade.
Formerly Executive Vice President of SSAB and Chief Controller, NCC.

Directors appointed by the employees

① ② ③ ④ ⑤ ⑥

① Sture Bergvall (1956)
Electrician
SSAB EMEA

Employee representative since 2005.

② Patrick Sjöholm (1965)
Automation engineer
SSAB EMEA

Employee representative since 2011.

③ Bert Johansson (1952)
Electrician
SSAB EMEA

Employee representative since 1998.

④ Per Scheikl (1968)
Alternate member
Mechanic
SSAB EMEA

Employee representative since 2009.

⑤ Ola Parten (1953)
Alternate member
Engineer
SSAB EMEA

Employee representative since 2005.

⑥ Uno Granbom (1952)
Alternate member
Technician
SSAB EMEA

Employee representative since 2008.

Group Executive Committee

① Charles Schmitt (1959), Executive Vice President and Head of Business Area SSAB Americas

Member of Group Executive Committee since 2011.
Shareholding: 0 shares.

Education: B.Sc. in Business Administration, The University of Texas at Arlington.
Background: Employed at IPSCO Inc since 1990. Previously, positions with US Steel Corporation, VP of the Southern Business Unit for the SSAB Americas.

② Karl-Gustav Ramström (1954), Executive Vice President and Head of Group Marketing & Market Development

Member of Group Executive Committee since 2008.
Shareholding: 10,000 shares.

Education: M.Sc. and MBA, Uppsala University.
Background: Employed at SSAB since 2007. Previously, Head of SSAB Plate, Head of division Process Automation, ABB Sweden.

③ Helena Stålnert (1951), Executive Vice President and Head of Group Communications

Member of Group Executive Committee since 2007.
Shareholding: 1,000 shares.

Education: Master program in Journalism, Stockholm.
Background: Employed at SSAB since 2007. Previously, Senior Vice President, Communications at Saab; Editor in Chief, Aktuellt, Swedish Television.

④ Melker Jernberg (1968), Executive Vice President and Head of Business Area SSAB EMEA

Member of Group Executive Committee since 2011.
Shareholding: 4,000 shares.

Education: M.Sc., The Royal Institute of Technology, Stockholm.
Background: Employed at SSAB since 2011. Previously, Senior Vice President Buses and Coaches, Scania; Plant Manager, Scania.

⑤ Martin Pei (1963), Executive Vice President and Head of Business Area SSAB APAC

Member of Group Executive Committee since 2007.
Shareholding: 1,000 shares.

Education: Ph. D., The Royal Institute of Technology, Stockholm.
Background: Employed at SSAB since 2001. Previously, Executive Vice President, Technical Director, Manager R&D Department, SSAB and General Manager, Slab Production, SSAB Plate.

⑥ Martin Lindqvist (1962), President and CEO

Member of Group Executive Committee since 2001.
Shareholding: 17,109 shares.

Education: B.Sc. in Economics, Uppsala University.
Background: Employed at SSAB since 1998. Previously, Head of SSAB EMEA, Head of SSAB Strip Products; CFO SSAB; CFO SSAB Tunnplåt; Chief Controller NCC.

⑦ Monika Gutén (1975), Executive Vice President and Head of Group Human Resources

Member of Group Executive Committee since 2011.
Shareholding: 1,000 shares.

Education: M.Sc. majoring in Business Administration, Stockholm University.
Background: Employed at SSAB since 2007. Previously, Head of Human Resources for SSAB EMEA, Head of Business Development, SSAB.

⑧ Marco Wirén (1966), Executive Vice President, Chief Financial Officer

Member of Group Executive Committee since 2008.
Shareholding: 10,000 shares.

Education: M.Econ., Uppsala University.
Background: Employed at SSAB since 2007. Previously, CFO Eltel Networks and Vice President Strategic Planning and Group Controller NCC.

⑨ Jonas Bergstrand (1965), Executive Vice President, General Counsel

Member of Group Executive Committee since 2006.
Shareholding: 7,300 shares.

Education: Master of Law, Uppsala University.
Background: Employed at SSAB since 2006. Previously, Corporate counsel ABB, OM Gruppen, Ericsson Radio Systems.

Shareholdings include shareholdings of closely-related persons.

1 2 3 4 5 6 7 8 9

SSAB on the Stock Exchange

SSAB's shares are listed on the Nasdaq OMX Stockholm, Large cap list. OMX Nordic Exchange issues call and put options on the shares.

The final transaction prices in 2011 were SEK 60.65 for SSAB's class A share and SEK 52.80 for SSAB's class B share, corresponding to a total market capitalization of SEK 19 billion. During the year, the price of SSAB's class A share fell by 46 percent and the class B share by 47 percent. During the same period, Nasdaq OMX Stockholm decreased by 17 percent. The highest transaction price for the class A share during the year was listed on January 3 and was SEK 117.10 and on January 3 for the class B share at SEK 102.90. The lowest transaction price, SEK 46.59 and SEK 41.50 respectively, were listed on October 4. During the year, SSAB's shares were traded for almost SEK 56 billion. Trading in shares took place on all exchange days and averaged approximately SEK 221 million per day. The volume of traded A shares corresponded to 239 percent of the average number of outstanding shares. The volume of traded B shares corresponded to 129 percent of the average number of outstanding shares. SSAB's shares accounted for 1.51 percent of trading on the Nasdaq OMX Stockholm Exchange.

The SSAB-share is also traded on market places such as BOAT, Burgundy, Chi-X and Turqouise. Of the total volume of traded shares, 72 percent of the class A shares were traded on Nasdaq OMX Stockholm and 87 percent of the class B shares.

Dividends

Dividends shall be adjusted to the average profit level over a business cycle and, in the long term, constitute approximately 50 percent of profit after tax. It should also be possible to use dividends to adjust the capital structure. For the 2011 financial year, a dividend to the shareholders is proposed of SEK 2.00 per share. For the 2010 financial year, the dividend amounted to SEK 2.00 per share.

Share capital

At the end of the year there were 323,934,775 shares, divided into 240,765,832 class A shares and 83,168,943 class B shares, which was unchanged since December 31, 2010. Each class A share carries one vote and each class B share carries one-tenth of one vote. The quotient value per share is SEK 8.80. At the end of 2011, SSAB's three largest owner groups in terms of capital were Industrivärden, Swedbank Robur Funds and Nordea Investments Funds. It should be noted that the holdings of foreign owners in SSAB are nominee-registered. At the end of 2011, SSAB had 70,151 shareholders, an increase of approximately 1,700 during the year. The ten largest identified owners together owned 42.0 percent of the share capital and 48.0 percent of the voting capital. Foreign-registered ownership in SSAB decreased slightly during the year and, at the end of December, represented approximately 21 percent of the share capital.

Investor relations

During 2011, a large number of meetings were held with representatives of financial institutions. Meetings were held in, among other places, Stockholm, London, New York, Boston, Paris, Frankfurt, Zürich and Geneva. A capital markets day was held in Stockholm in May and, in connection therewith, a tour was arranged of the plant in Borlänge. A round-table meeting with CSR investors was held during the year. Presentations have been arranged regularly in connection with the publication of interim reports and results.

Ticker

NASDAQ OMX Stockholm AB: class A	SSAB A (SSE300)
NASDAQ OMX Stockholm AB: class B	SSAB B (SSE301)

Share breakdown

Shareholding	Number	% of all shareholders
1–500	37,071	52.8
501–1,000	12,418	17.7
1,001–5,000	18,198	25.9
5,001–10,000	1,297	1.8
10,001–15,000	336	0.5
15,001–20,000	199	0.3
20,001–	632	0.9
Total	**70,151**	**100.0**

Owners as of December 31, 2011

	% of share capital	% of votes
Industrivärden	17.6	22.6
Swedbank Robur Funds	7.2	6.2
LKAB	3.8	5.0
Nordea Investment Funds	3.9	4.3
Alecta Pensionsförsäkring	2.6	2.5
Folksam	1.7	1.9
AMF - Försäkring och Fonder	1.6	1.7
2nd National Pension Fund	1.2	1.3
1st National Pension Fund	1.3	1.3
Danske Capital Sverige	0.9	1.2
Länsförsäkringar	1.0	1.2
Foreign-registered shareholders	21.4	21.9
Other shareholders	35.8	28.9
Total	**100.0**	**100.0**

The number of shares and the share capital have changed since 1989 as follows:

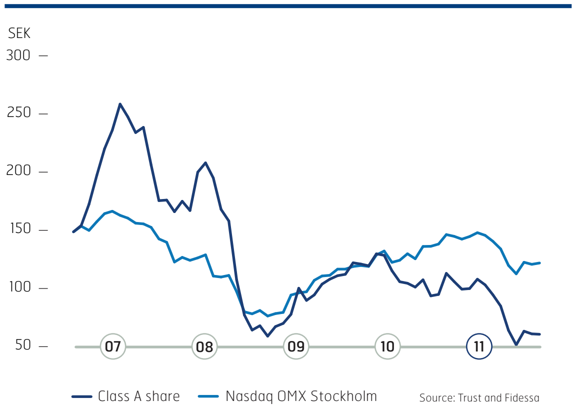
Year		Change in number of shares	Number of shares	Change in share capital, SEK millions	Share capital, SEK millions
1989	Conversion	1,500,000	26,500,000	150	2,650
1994	Conversion	5,500,000	32,000,000	550	3,200
1995	4:1 split	96,000,000	128,000,000	0	3,200
1998	Redemption	-15,891,199	112,108,801	-397	2,803
2001	Reduction	-11,210,880	100,897,921	-281	2,522
2005	Redemption	-9,968,861	90,929,060	-249	2,273
2006	Redemption	-4,546,453	86,382,607	-114	2,159
2006	Bonus issue	0	86,382,607	121	2,280
2006	3:1 split	172,765,214	259,147,821	0	2,280
2007	1:4 new issue	64,786,954	323,934,775	571	2,851

Data per share

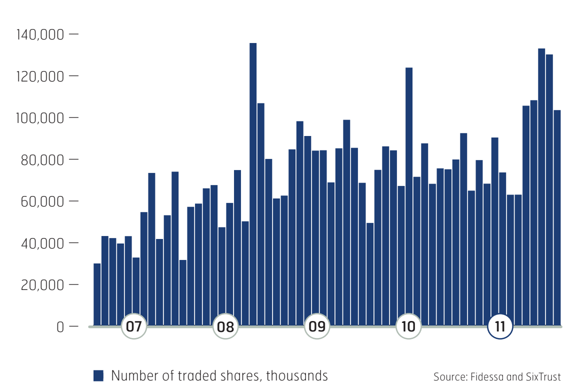
	2011	2010 [1]	2009	2008	2007 [2]
Share price, December 31, class A share, SEK	60.65	113.00	122.10	68.00	176.00
Profit, SEK	4.82	1.72	-3.09	21.41	15.36
Cash flow before dividend and financing, SEK	2.14	-7.59	7.64	91.20	neg
Equity, SEK	94.98	92.26	95.21	108.64	89.19
Dividend, SEK	2.00 [3]	2.00	1.00	4.00	5.00
Average number of shares, million	323.9	323.9	323.9	323.9	296.9
Number of shares at year-end, million	323.9	323.9	323.9	323.9	323.9
Number of shares at year-end adjusted for split, million	323.9	323.9	323.9	323.9	323.9
Market capitalization, SEK million, December 31	18,993	35,452	38,671	21,653	55,599
Valuation					
Direct yield, %	3.3	1.8	0.8	5.9	2.8
P/E ratio	12.6	65.7	neg	3.2	11.5
Price/equity, %	64	122	128	63	197

[1] Adjustments have been done as a consequence of changed accounting principles. See Note 28.
[2] Adjusted based on the final value of net assets in IPSCO Inc.
[3] In accordance with the Board's proposal.

The share's performance



Number of traded shares, all market places



Annual General Meeting, Nomination Committee, Calendar

Annual General Meeting

The Annual General Meeting will be held in Stockholm at 1:00 pm on Monday, March 26, 2012. To be entitled to participate at the Annual General Meeting, shareholders must be included in the share register that is printed out by Euroclear Sweden AB on Tuesday, March 20, 2012 and must have registered their intention to participate at the meeting not later than Tuesday, March 20, 2012, preferably prior to 12 noon.

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 annual general meeting. Temporary owner-registration (voting registration) should be effected in due time prior to March 20, 2012.

REGISTRATION

Registration in respect of participation at the annual general meeting takes place via the company's website, www.ssab.com or by telephone +46 8 45 45 760. The name, personal identification number (company registration number), address and telephone number of the shareholder must be provided in the notice of registration. Notices must be received by SSAB not later than on Tuesday, March 20, 2012, preferably prior to 12 noon, at which time the registration period will expire.

PROXIES

Powers of attorney in original and, as regards legal entities, certificates of registration, should be submitted in due time prior to the Annual General Meeting to:
SSAB AB, Årsstämman, Box 70, 101 21 Stockholm, Sweden.

Dividends

Thursday, March 29, 2012, is proposed as the record date for the right to receive dividends. It is thereupon estimated that payment of dividends might be effected through Euroclear Sweden AB on Tuesday April 3, 2012. The Board of Directors and the President propose that the Annual General Meeting resolve upon the payment of a dividend for 2011 in the amount of SEK 2.00 per share.

Nomination committee

- Carl-Olof By, Industrivärden, Chairman
- Thomas Eriksson, SwedbankRobur Funds
- Lars-Eric Aaro, LKAB
- Kaj Thorén, Alecta Pension Funds
- Sverker Martin-Löf, Chairman of the Board

The Nomination Committee presents, among other things, proposals to the Annual General Meeting concerning the election of the Board of Directors, fees for the Board of directors, and election of auditors.

Calendar for financial information

SSAB will provide the following information with respect to the 2012 financial year:

- Report for the first quarter, April 27, 2012
- Half year report, July 26, 2012
- Report for the third quarter, October 24, 2012
- Results for 2012, February 8, 2013
- Annual report, March 2013

Steel Talk ABC – a glossary

A

After-treatment – Heat treatment, cooling, etc., in order to endow the steel with certain qualities; also galvanizing, organic coating, and cutting to size

Alloy – A substance composed of two or more metals

Alloy Steel – An iron-based mixture is considered to be an alloy steel when manganese is greater than 1.65%, silicon over 0.5%, copper above 0.6%, or other minimum quantities of alloying elements such as chromium, nickel, molybdenum, or tungsten are present. An enormous variety of distinct properties can be created for the steel by substituting these elements in the recipe

Alloying material – Material that is added to the molten metal during the steelmaking process and which combines with iron or other metals and changes the metal's qualities

Annealing – A thermal cycle involving heating to, and holding at a suitable temperature and then cooling at a suitable rate, for such purposes as reducing hardness, improving machinability, facilitating cold working, producing a desired microstructure, or obtaining desired mechanical or other properties

Application – Area of use; a product which uses a certain grade of steel

Applications engineer – Trained specialists in the qualities of the material and its areas of use; problem solvers and developers

B

Billet – A semi-finished steel form that is used for "long" products: bars, channels or other structural shapes. A billet is different from a slab because of its outer dimensions; billets are normally 50 to 180 mm square (2 to 7"sq), while slabs are 760 to 3,200 mm (30 to 126") wide and 50 to 250 mm (2 to 10") thick. Both shapes are generally continually cast, but they may differ greatly in their chemistry

Blast Furnace – A shaft furnace lined with heat-resistant (refractory) bricks, used by integrated steel mills to reduce and melt iron ore to iron. Its name comes from the "blast" of hot air and gases forced up through the iron ore, coke, and limestone that load the furnace

Blast air – Heated air which is blown into the blast furnace under high pressure

C

Carbon dioxide – CO_2, colorless gas, soluble in water to form carbonic acid; included in carbonated drinks and comprises 0.03% of the atmosphere and is identified as a greenhouse gas

Carbon monoxide – Colorless and odorless energy-rich gas which burns with a blue flame; noxious. Upon combustion, carbon dioxide is formed

Carbon steel – Unalloyed steel

Charging – The act of loading material into a vessel. For example, iron ore, coke, and limestone are charged into a blast furnace; a basic oxygen furnace is charged with scrap and hot metal, and an electric arc furnace is charged with steel scrap and fluxes

Coilbox – Rolling machinery; box for coiled steel employed to promote temperature uniformity during the hot rolling process

Coiler – Mechanical part which captures plate, sheet or strip from the rolling mill and coils it

Coke – Dry distilled coal, the basic fuel consumed in blast furnaces in the smelting of iron ore. Approx. 450 kg (1,000 pounds)) of coke are needed to process a ton of pig iron, an amount which represents more than 50% of an integrated steel mill's total energy use

Cold rolling – Metalworking process in which the thickness of a sheet, strip or plate is reduced by rolling at ambient temperature

Continuous casting – A process by which molten metal is solidified into a semi-finished billet, bloom, or slab for subsequent rolling

Cowper stoves – Heating apparatus; ceramic towers used for preheating blast air

Crude steel – Steel in its solidified state directly after casting. This is then further processed by rolling or other treatments, which can change its properties

Cutting station – Place for cutting the steel strand into slabs

D

Decarburization – In oxygen-blown steelmaking processes, the reduction of the hot metal's carbon content during refining by the use of gaseous oxygen

Desulphurization – Method for removing sulphur from the hot metal; for example, through the addition of calcium carbide or magnesium oxide

Dry distillation process – Combustion without entry of oxygen

Dual-phase steel (DP) – High-strength steel that has a one soft (ferrite) and one hard (martensite) microstructure which allows for desired combination of good formability with high strength

E

Electric arc furnace (EAF) – Steel-making furnace where scrap is generally 100% of the charge. Heat is supplied from electricity that arcs from the graphite electrodes to the metal bath. Furnaces may be either an alternating current (AC) or direct current (DC). DC units consume less energy and fewer electrodes, but they are more expensive

F

Fatigue – The progressive and localized structural damage that occurs when a material is subjected to cyclic loading at stresses considerably below the ultimate tensile strength

Four-high rolling mill – Mechanical equipment; comprises four cylindrical rollers with extremely high pressure which press slabs into plate by repeatedly rolling backwards and forwards

H

Hardening – Process that increases the hardness of steel, i.e. the degree to which steel will resist cutting, abrasion, penetration, bending, and stretching

Hearth – Lower part of the blast furnace; area for collection of molten hot metal

Hematite –Fe_2O_3, non-magnetic iron ore or blood ore

High strength steel – Strong steel with high resistance to tensile stress before fatigue and breaking may occur. A very strong steel that is able to withstand high loads before failure

Hot dip galvanization – Method for adding a rust protection surface layer. For example, adding zinc and aluminum in hot molten form on the steel. The opposite to zinc-plating, an electrochemical method of applying a coat of molten zinc to the surface of steel for the purpose of enhancing corrosion resistance

Hot metal – The name for the molten iron produced in a blast furnace. It proceeds to the basic oxygen furnace in molten form or is cast as pig iron

Hot strip rolling mill –A mill for rolling heated slabs through a series of rolling stands to produce sheet steel in coil form

Hot rolling – A metalworking process in which slabs are heated to high temperatures and then deformed between rollers to form thinner cross-sections

I

Injection coal – Coal powder which is injected into the blast furnace under high pressure without being converted to coke

Iron ore pellets – Iron ore particles rolled into small balls and compacted by heating

L

Ladle – A "bucket" lined with refractory (heat resistant) bricks, used to transport molten steel from process to process in a steel plant

Ladle change – Switch from an empty to a full container of steel

Ladle Metallurgy Furnace (LMF) – An intermediate steel processing unit that further refines the chemistry and temperature of molten steel while it is still in the ladle. The ladle metallurgy step comes after the steel is melted and refined in the electric arc or basic oxygen furnace, but before the steel is sent to the continuous caster

Ladle treatment method – Different methods for ladle metallurgy

LD converter – Oxygen steelmaking process employing a converter (vessel) and top blowing oxygen lance to refine the blast furnace hot metal into crude steel. Named for the Austrian towns of Linz and Donawitz, L-D. Often referred to as Basic Oxygen Furnace (BOF) in North America

Low alloyed steel grades – A steel, other than a carbon steel, that requires the minimum content for each specified alloying element to be lower than the applicable limit for the definition for alloy steel

M

Magnetite – Fe_3O_4, magnetic iron ore

Martensitic steel – Steel with a very hard form of steel crystalline structure called martensite that is formed by displacive transformation. The martensite is formed by rapid cooling (quenching) of austenite which traps carbon atoms that do not have time to diffuse out of the crystal structure

Material design – Control of the steel chemical composition and processing to achieve a microstructure that offers a combination of properties desirable for an intended product or application

Metallurgy – The science and technology of metals – a broad field that includes, but is not limited to, the study of internal structures and properties of metals, and the effects on them of various processing methods

Mold – Casting mold

O

Ore car – Railcar for transportation of lump ore, iron ore concentrate or pellets

Oxide scale – An oxide of iron which forms on the surface of hot rolled steel

Oxygen lance – Pipe-shaped lance for treatment using oxygen

P

Pair of rollers – A pair of cylindrical rollers for rolling steel to thinner dimensions under high pressure

Particulates filter – Purification plant for gas or air in which particulates are separated and condensed for recycling

Phases – Steel has different crystal structures at various temperatures and the phase(s) present depend on heat treatment, alloy quantity, hardening, quenching, etc. Best known are the martensite (quick hardening) phase, ferrite phase (pure iron) austenite (non-magnetic) phase and bainite phase

Pickling line – A processing line which chemically removes oxide or scale from the steel surface to obtain a clean surface for subsequent processing

Plate – Flat rolled steel product which is typically classified as over 1,200 mm (48") in width and 4.5 mm (0.180") in thickness

Process gas – Gas from metallurgical processes; often energy rich

Process methods – Methods for extracting raw materials and manufacturing products in a continuous cycle without disruption

Process water – Water from cooling or treatment in the processes. Always undergoes purification and can often be re-circulated

Q

Quenched steels – Hardened or toughened steel. SSAB's quenched steels are also high strength

R

Recycling – Return of used products or byproducts to enter a new cycle of production and use

Reduction agents – Carbon or hydrogen used to remove oxygen from iron ore to produce iron

Rolling mill – Any of the mills in which metal undergoes a rolling process. For plate, sheet and strip, these include the slabbing mill, hot rolling mills, cold rolling mills, and temper mills.. Any operating unit that reduces gauge by application of loads through revolving cylindrical rolls; operation can be hot or cold. The elevated temperature rolling mill is the Hot Mill and is capable of reducing the gauge of a slab 92-99%

Roll pass – Number of times a billet or slab passes through a pair of rollers

Rougher – Two rough cylindrical rollers which press the steel to thinner dimensions prior to hot rolling

Runner – Ceramic-lined spout for controlling molten, hot metal

S

Scrap – Ferrous (iron-containing) material that generally is remelted and re-cast into new steel. Integrated steel mills use scrap for up to 25% of their basic oxygen furnace charge; electric-arc furnace based steel mills may use scrap for 100% of the furnace charge

SEN – Submerged entry nozzle, a ceramic pipe which protects the steel from exposure to air, in conjunction with casting

Sintering – A process that combines iron-bearing particles, once recovered from environmental control filters, into small pellets. Previously, these materials were too fine to withstand the air currents of the smelting process and were thrown away. The iron is now conserved because the chunks can be charged into the blast furnace

Skirt – Pipe around the blast furnace for the supply and allocation of hot blast air, also known as a bustle pipe

Slab furnace – Furnace for heating steel slabs to rolling temperatures

Slabs – The most common type of semi-finished steel. Traditional slabs can measure 150 to 400 mm thick (6 to 15.7") and up to 3,200 mm (126") wide, while the output of the recently developed "thin-slab" casters is approximately 40 to 70 mm (1.6 to 2.7 ") thick. Subsequent to casting, slabs are sent to the hot-strip mill or plate mill to be rolled into coiled sheet and plate products

Slag – Solution of mainly liquid oxides. Flux such as limestone may be added to foster the congregation of undesired elements into a slag. Because slag is lighter than iron, it will float on top of the pool, where it can be skimmed.

Smelting reduction process – Process for smelting and removing unwanted substances from, for example, metal raw materials

Special steel – Alloyed steel

Steckel mill – A four-high reversing rolling mill, the Steckel mill allows the rolling of a large slab by providing heated coil furnaces or boxes on both sides of the mill to store the increased length produced during rolling. These coil furnaces allow for additional heat retention and thermal consistency in the rolled piece, which in turn produces improved uniformity throughout the rolled product

Steel – Alloy of iron and carbon with a carbon content of less than 1.7%

Steel bath – The hot, molten steel in a container

Steel shuttle – Train system for transportation of steel slabs between Luleå, Borlänge and Oxelösund production facilities

Strand – The continuous cast slab within the continuous casting machine prior to cutting into individual slabs

Strength – Properties related to the ability of steel to oppose applied forces. Forms of strength include withstanding imposed loads without a permanent change in shape or structure and resistance to stretching

Structure – The steel's molecular form following different treatment methods; crystalline structure. May also refer to the size, shape, and arrangement of phases within the steel

Strip – Thin, flat steel that resembles hot-rolled sheet, but it is normally narrower (up to 300 mm, or 12" wide) and produced to more closely controlled thicknesses. Strip also may be cut from steel sheet by a slitting machine

Surface treatment – Cleaning, polishing or coating of surfaces; for example, through galvanization or organic coating

T

Temper Mill – A type of cold-rolling mill, usually a four-high, single stand mill, used to provide a relatively light cold rolling reduction to hot rolled, cold rolled, or coated flat steel products to improve flatness, minimize surface disturbances such as coil breaks, and to alter mechanical properties

Tempering – Heating to 200-500°C degrees in order to make steel tougher and less brittle

Tensile strength – Ability to withstand tensile stress. (See Strength)

Torpedo – Cylinder-shaped brick-lined railway car used for transporting hot, molten metal

Tundish – An intermediate container in the casting process to facilitate ladle change without disruption in the process

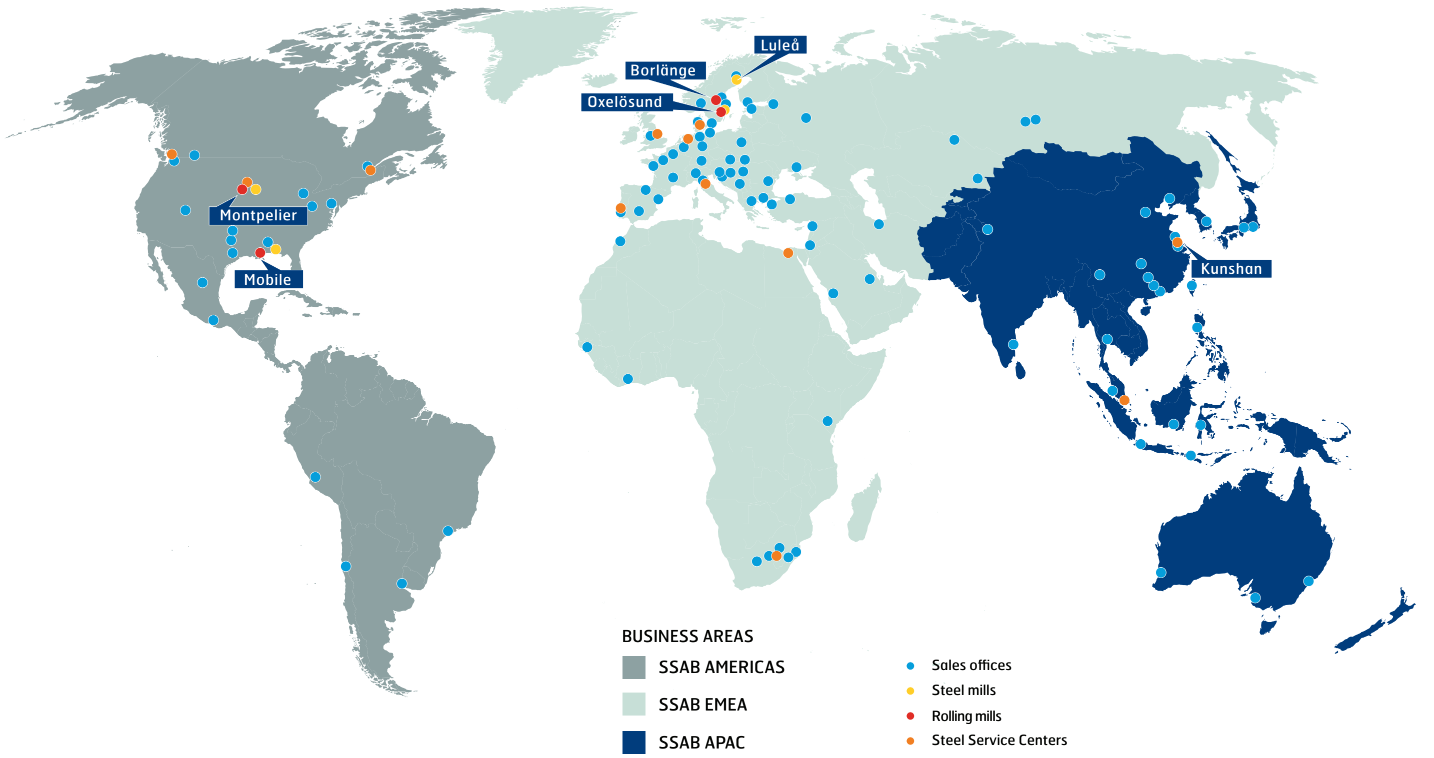
V

Vacuum Degassing – An advanced steel refining facility that removes oxygen, hydrogen and nitrogen under low pressures (in a vacuum) to produce high quality steel for demanding applications. Normally performed in the ladle, the removal of dissolved gases results in cleaner, higher quality, more pure steel (see Ladle Metallurgy)

W

Wear resistance – Ability to resist the erosion of material from the surface as a result of mechanical action, e.g. abrasion and friction

Addresses



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SSAB

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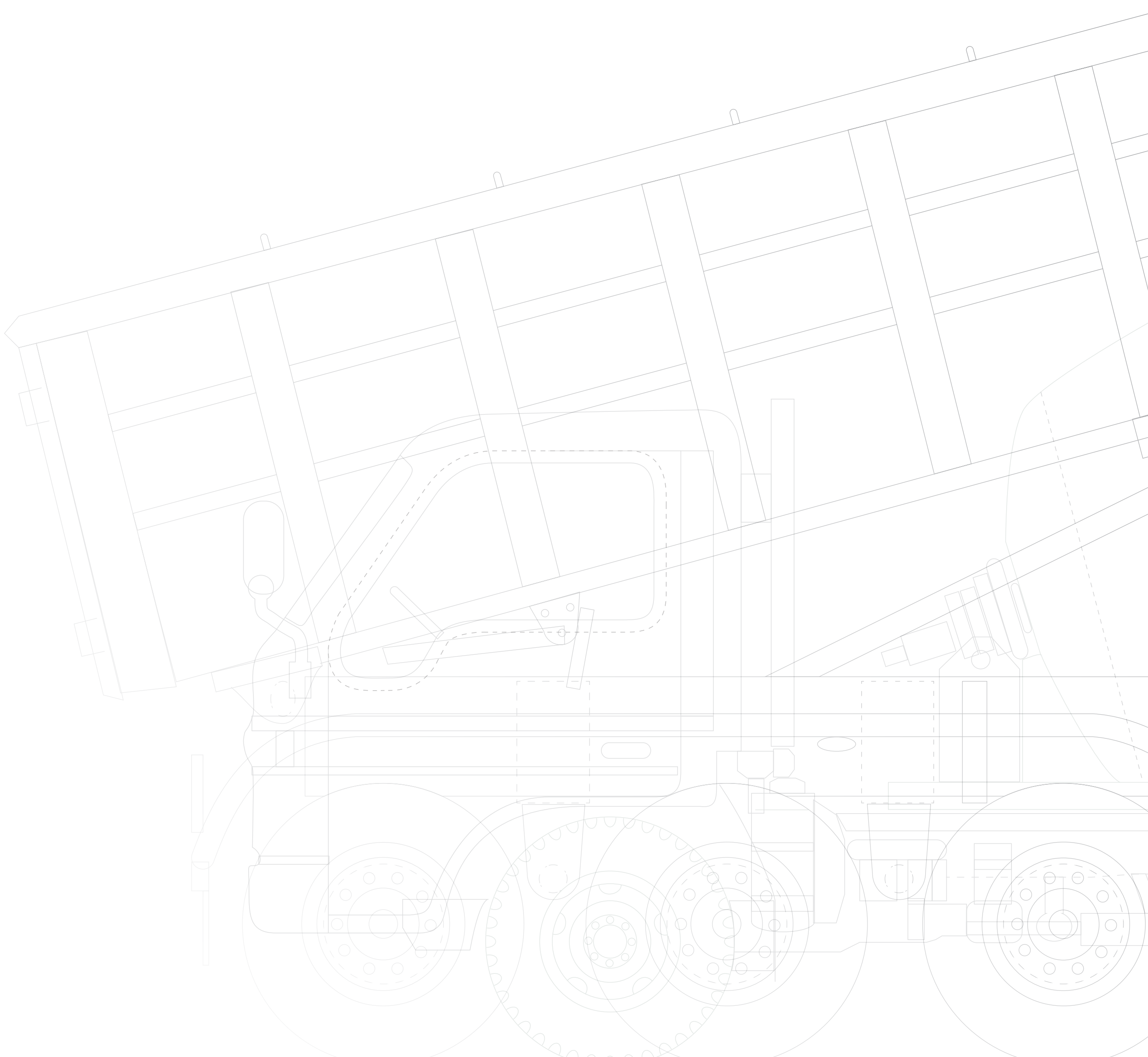

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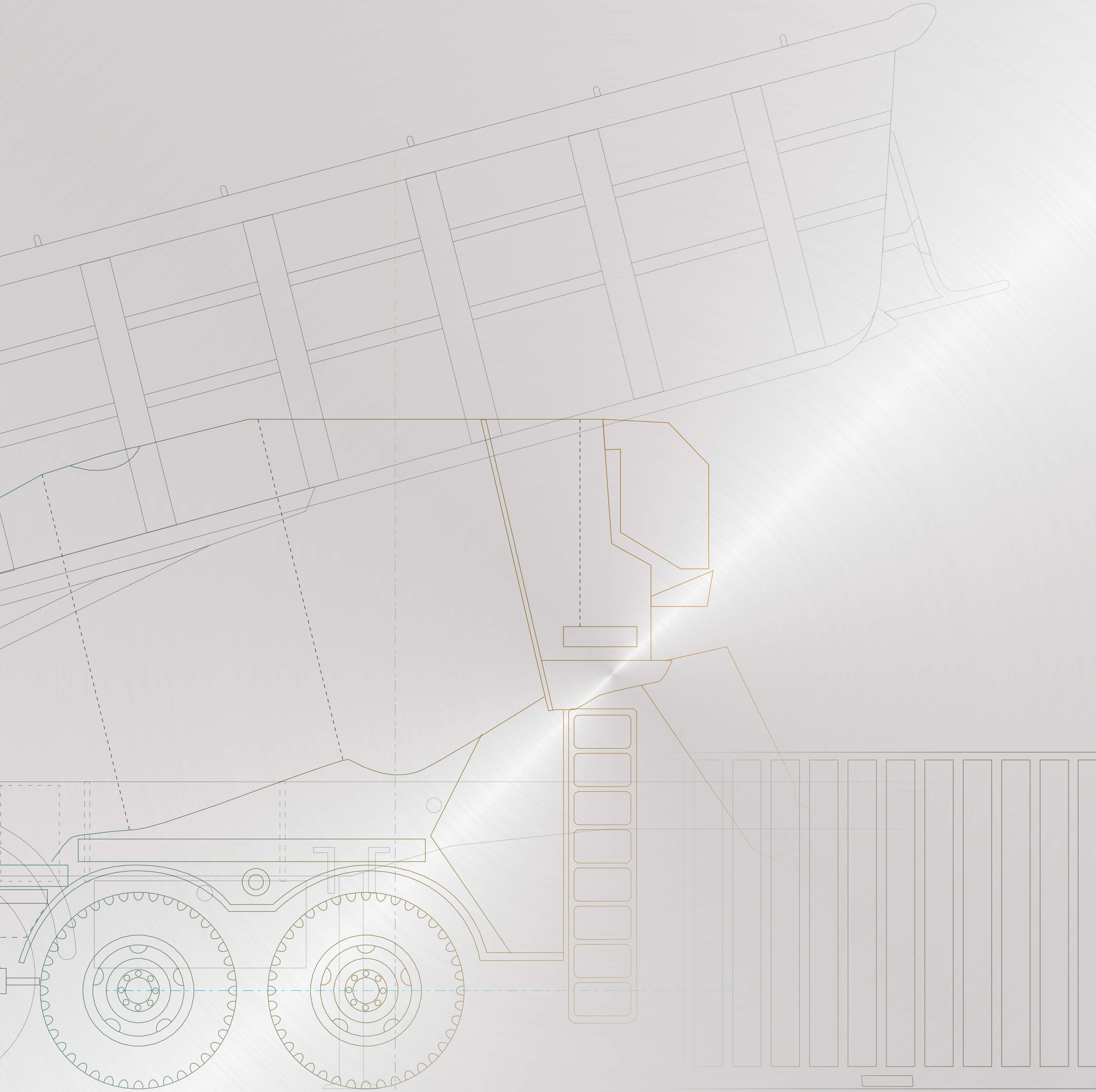

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