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## SSAB announces Q2 and H1 financial results

Tuesday, 28 Jul, 2009

Swedish specialty steelmaker SSAB has announced financial results for the second quarter and first half of 2009. Some of the highlights are as follows:

### The first quarter highlights

1. Sales declined by 56% YoY to SEK 6,583 from SEK 14,957 million
2. Operating profit of SEK -952 against SEK 3,149 million
3. Profit after financial items of SEK -1,096 against SEK 3,006 million
4. Profit after tax of SEK -636 against SEK 2,031 million
5. Operating cash flow of SEK 2,119 against SEK 2,536 million
6. Cash flow from current operations of SEK 1,917 (SEK 1,379 million)
7. Net debt/equity ratio was 52%, unchanged compared to Q1

### The half year highlights

1. Sales down by 48% YoY to SEK 14,618 against SEK 27,867 million
2. Operating profit of SEK -1,086 against SEK 5,897 million
3. Profit after financial items of SEK -1,311 against SEK 5,378 million
4. Profit after tax of SEK -483 against SEK 3,732 million
5. Operating cash flow of SEK 3,043 against SEK 5,326 million
6. Cash flow from current operations of SEK 1,541 (SEK 3,118 million)
7. The return on capital employed for the most recent twelve month period was 5 (17)% and the return on equity was 7 (22)%.

Mr Olof Faxander president & CEO of SSAB said that "The steel market continues to be sluggish. The second quarter has been characterized by weak demand and continued pressure on prices. As a consequence, we are reporting an operating loss of SEK 952 million for the quarter. At the same time, our efficiency and cost-savings programs have had a more rapid impact than we had previously calculated. Accordingly, we have a positive operating cash flow of SEK 2,119 million and are able to report significantly lower fixed costs than last year."

He added that "Production during the quarter has remained well under 50% of capacity. Following the extended summer outages at our Swedish production plants, we now expect to resume production at one of our blast furnaces in Oxelösund as well as the blast furnace in Luleå towards the end of August. Our raw materials costs will be lower. Prices in the coal agreements are approximately 36% lower in Swedish kronor than last year, but the impact will not be felt until towards the end of the year. SSAB's negotiations regarding iron ore pellet agreements have not yet been completed, but agreements reached on the world market show significantly greater price reductions for pellets compared with fines, a factor which benefits SSAB's pellet-based operations. The indicated price reduction for pellets would, in Swedish kronor, mean a decrease of approximately 34% for SSAB."

Mr Faxander said that "The global steel market is characterized by major uncertainty and it is not yet possible to foresee the full impact of the financial and economic crisis. It is too early to talk about a definite turnaround. What we can note is stabilization. Prices during the second quarter were lower than during the first quarter, but together with volumes have stabilized at this level. During the third quarter we expect market conditions to be similar to those in the second quarter. We expect that the result for the third quarter will be weaker than for the second quarter, primarily due to seasonal variations as a consequence of our customers' holiday outages."

He further added that "The trend going forward is still difficult to assess. By the end of the year, inventory liquidation at end users may have led to a certain strengthening in demand and an improvement on the market. In the long term, I remain optimistic. Thus far this year, customer interest in cooperating with SSAB in developing new products has been greater than ever. The world needs steel and SSAB is well equipped to meet future needs for lighter and more sustainable steel products."

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