
SSAB announces financial outlook

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SSAB has announced financial outlook for Q2. The severe weakness in the steel market continued during the second quarter. The outlook which was communicated in the report for the first quarter 2009 has not changed.

Production and deliveries continue at low levels and utilization rates are clearly below 50%. To adjust production to low deliveries, the two blast furnaces in the Oxelösund mill have been idled and beginning next week the Luleå blast furnace will also be idled. Meanwhile, prices have continued to be under downward pressure. This means that SSAB expects to post an operating loss of more than SEK 1 billion for the first six months of 2009.

The cost savings program initiated in December develops according to plan. This, together with measures to release working capital, is expected to lead to a positive operating cash flow for SSAB for the first six months, despite the weakness in the results.

Agreements regarding coal prices for 2009 have been negotiated with SSAB's suppliers. Prices in USD for SSAB will be 47% below the prices for last year and are valid from April 1st 2009. SSAB has not yet finalized negotiations for iron ore pellet prices. Agreements for pellet prices that have been reached among leading global companies are 48% below the USD price levels for last year and indicate the level where SSAB's agreement is expected to be.

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