

# SSAB

Results for 2013

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## The quarter

- Sales of SEK 8,920 (8,354) million
- Operating loss of SEK -282 (-665) million
- Loss after financial items of SEK -436 (-842) million
- Earnings per share of SEK -0.82 (-0.70)
- Operating cash flow of SEK 575 (1,251) million and cash flow from current operations of SEK 217 (1,049) million

## The full year

- Sales of SEK 35,022 (38,923) million
- Operating loss of SEK -1,131 (-96) million
- Loss after financial items of SEK -1,728 (-693) million
- Earnings per share of SEK -3.29 (0.05)
- Operating cash flow of SEK 1,956 (4,929) million and cash flow from current operations of SEK 1,103 (3,925) million
- Net debt decreased to SEK 14,833 (15,498) million and net debt/equity ratio amounted to 55 (54) %
- A dividend is proposed of SEK 0.00 (1.00) per share, equal to SEK 0 (324) million

## Key numbers

SEK millions	2013 Q 4	2012 Q 4	2013 Full year	2012 Full year
Sales	<b>8,920</b>	8,354	<b>35,022</b>	38,923
Operating profit/loss before depreciation/amortization	<b>284</b>	-19	<b>1,333</b>	2,491
Operating loss	<b>-282</b>	-665	<b>-1,131</b>	-96
Loss after financial items	<b>-436</b>	-842	<b>-1,728</b>	-693
Profit/loss after tax	<b>-265</b>	-227	<b>-1,066</b>	15
Earnings per share (SEK)	<b>-0.82</b>	-0.70	<b>-3.29</b>	0.05
Operating cash flow	<b>575</b>	1,251	<b>1,956</b>	4,929
Return on equity after tax (%)	-	-	<b>-4</b>	0
Net debt/equity ratio (%)	<b>55</b>	54	<b>55</b>	54
Equity ratio (%)	<b>48</b>	49	<b>48</b>	49

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

## The CEO's comments

The operating loss for the fourth quarter of 2013 was SEK -282 million, an improvement of SEK 316 million compared with the third quarter of 2013 and SEK 383 million compared with the fourth quarter of 2012. The improvement compared with the same quarter of last year is primarily attributable to higher volumes, improved capacity utilization and lower variable costs. At the same time, the result was negatively affected by lower prices. The operating cash flow remained strong at SEK 575 million in the fourth quarter and SEK 1,956 million for the full year of 2013. During 2013, net debt was reduced by almost SEK 700 million.

During 2014, we anticipate that the North American market will continue to improve and that SSAB will benefit from higher prices and stronger demand. In the US, during the fourth quarter and January we announced price increases for plate totaling USD 130 per tonne (more than 15%). The price increases will gradually have an impact during the first and second quarter 2014. However, during the fourth quarter market prices of scrap increased with approximately USD 70 per tonne. At the end of the first quarter and beginning of the second quarter, a maintenance outage will be carried out in Mobile which will affect shipments and earnings negatively. The European market was weak in 2013, but there are

indications that the market has bottomed out. In Asia, especially in China, general demand for steel is expected to grow in 2014, but at a slower pace.

2013 has been a very challenging year for SSAB and for the steel industry as a whole, characterized by weak demand and low prices. For SSAB specifically, the strong krona affected earnings negatively, with approximately SEK 500 million compared to 2012. Also, some of our most important segments, like Mining and Construction Machinery, had an even weaker development than the general market. One positive consequence of testing times is that it creates scope for new solutions. It is, therefore, pleasing that at the end of January 2014 we were able to announce our ambition to combine with Rautaruukki, with the aim of creating a more competitive steel company. Together, we will have a flexible and efficient production system in the Nordic region, while at the same time having even better possibilities to serve our customers. In addition, we obtain stronger opportunities continuing to develop our leading global positions within high strength steels.

#### Sales per business area

SEK millions	2013	2012	2013	2012
	Q 4	Q 4	Full year	Full year
SSAB EMEA	4,594	4,529	18,055	20,258
SSAB Americas	3,775	3,238	14,382	16,173
SSAB APAC	357	559	1,761	2,318
Tibnor	1,302	1,288	5,245	5,961
Other	-1,108	-1,260	-4,421	-5,787
<b>Total</b>	<b>8,920</b>	<b>8,354</b>	<b>35,022</b>	<b>38,923</b>

#### Operating loss per business area

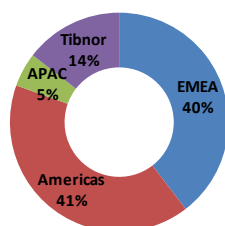
SEK millions	2013	2012	2013	2012
	Q 4	Q 4	Full year	Full year
SSAB EMEA	-289	-545	-761	-930
SSAB Americas	181	110	272	1,568
SSAB APAC	-12	46	27	167
Tibnor	7	-42	73	104
Depreciation/amortization on surplus values 1)	-123	-221	-681	-861
Other	-46	-13	-61	-144
<b>Total</b>	<b>-282</b>	<b>-665</b>	<b>-1,131</b>	<b>-96</b>

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

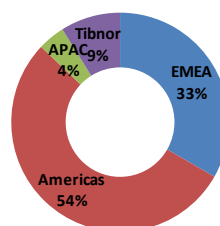
#### Operating margin per business area

%	2013	2012	2013	2012
	Q 4	Q 4	Full year	Full year
SSAB EMEA	-6.3	-12.0	-4.2	-4.6
SSAB Americas	4.8	3.4	1.9	9.7
SSAB APAC	-3.4	8.2	1.5	7.2
Tibnor	0.5	-3.3	1.4	1.7
<b>Total</b>	<b>-3.2</b>	<b>-8.0</b>	<b>-3.2</b>	<b>-0.2</b>

Percentage of external sales 2013



Percentage of EBITDA 2013



## The market

According to the World Steel Association, global crude steel production during 2013 amounted to 1,582 (1,529) million tonnes, an increase of 3% compared with the previous year. The Chinese crude steel production increased by 8% compared with 2012. During 2013, production fell by 2% in both EU28 and in North America. However, during the fourth quarter crude steel production was higher in both EU28 and North America compared with the same period of last year (7% and 4% respectively).

The North American steel market experienced positive growth during the fourth quarter, driven primarily by the energy and automotive industries. In Europe, the market was stable, but at a continued low level. The Asian market continued to grow, driven primarily by China, but demand varied sharply between the different segments. Two of SSAB's most important segments in Asia – Construction Machinery and Mining - continued to perform weakly also during the fourth quarter.

In Europe, market prices for both strip and plate declined somewhat during the fourth quarter. However, strip prices strengthened during the latter part of the quarter and this has carried over into the beginning of 2014. Plate prices in North America rose sharply during the fourth quarter as a consequence of a number of price increases announced by the producers. In China, market prices for strip products were essentially unchanged during the fourth quarter, while plate prices fell somewhat. At the end of the year, prices for all of the above-mentioned product groups (apart from plate in North America) were lower than at the beginning of the year. Inventory levels at distributors and customers in Europe were relatively stable. In North America, plate inventory levels at distributors were somewhat higher, which is probably an effect of prices having exhibited a rising trend. In total, it is believed that inventory levels in both Europe and North America were in balance, but at a low level. No inventory restocking or destocking is expected during the first quarter of the year. However, in China many customers still have a generally high inventory level and many companies still need to reduce their stocks.

## Raw materials

During the second quarter, a new agreement was signed for deliveries of iron ore. The agreement extends from April 1, 2013 to March 31, 2014, but the price is set quarterly. For shipments during the fourth quarter, this meant a price reduction of 4% in Swedish kronor, compared with the third quarter of the year. The price of iron ore in Swedish kronor during the fourth quarter was for SSAB 13% higher than during the fourth quarter of 2012.

SSAB purchases 60 - 70% of its annual coal needs from Australia, and the remainder from the US. Price agreements for Australian coal are signed monthly, while most US coal is purchased under annual agreements. The price of coking coal for the fourth quarter was 9% lower in Swedish kronor than in the third quarter. The price of coking coal in Swedish kronor in the fourth quarter was for SSAB 28% lower than in the fourth quarter of 2012.

The US operations regularly purchase scrap metal as a raw material for their production. Spot prices for scrap metal increased sharply during the fourth quarter. At the end of December, spot prices were 20% higher than at the end of the third quarter of 2013 and 12% higher than at the end of the fourth quarter of 2012.

## Prospects

The positive economic trend in North America in general and in the energy sector in particular is expected to have a positive impact on demand for steel during the coming quarter. The announced price increases will gradually have an impact in the first and second quarter. However, the extreme weather conditions in North America during the start of 2014 has resulted in higher scrap prices. In Europe, the economic situation has stabilized somewhat and the general uncertainty is continuing to diminish, and thus a slight improvement in demand for steel products is expected, although from a low level. Even if the rate of growth in China has slowed down, demand for steel in Asia is expected to continue to grow during the coming quarter.

At the end of the first quarter and beginning of the second quarter, a maintenance outage will be carried out in Mobile, USA. The maintenance outage will have a negative effect on shipment volumes from Americas in both the first and second quarter and, in total, will negatively impact on earnings in the amount of approximately SEK 150 million. It is believed that SSAB's shipment volumes in the first quarter will be at approximately the same level as in the fourth quarter.

## The Group

### Full year summary

#### Shipments and production

SSAB's shipments during the full year were 6% higher than in the full year of 2012 and amounted to 4,427 (4,184) thousand tonnes. Shipments of niche products were 2% higher than for the full year of 2012 and amounted to 1,619 (1,585) thousand tonnes. All in all, during the full year niche products accounted for 37 (38)% of total shipments.

Crude steel production was 6% higher than in the full year of 2012, while steel production increased by 7% compared with the full year of 2012.

#### Sales

Sales during the full year amounted to SEK 35,022 (38,923) million, a fall of 10%. Compared with the full year of 2012, lower prices accounted for a negative effect of 9 percentage points, a weaker mix for 3 percentage points, and negative currency effects for 4 percentage points, while higher volumes accounted for a positive effect of 6 percentage points.

#### Earnings

The operating loss amounted to SEK -1,131 (-96) million, a decline by SEK 1,035 million. Lower prices (SEK -2,800 million) and negative currency effects (SEK -500 million) were the primary reasons for the lower earnings. However, earnings were positively affected by lower variable operating costs (SEK 1,700 million), higher volumes (SEK 280 million), lower fixed costs (SEK 200 million) and higher capacity utilization (SEK 150 million).

Financial items for the full year amounted to SEK -597 (-597) million and earnings after financial items were SEK -1,728 (-693) million.

#### Profit/loss after tax and earnings per share

Profit/loss after tax (attributable to the shareholders) for 2013 was SEK -1,066 (15) million or SEK -3.29 (0.05) per share. Tax for the full year was SEK 662 (708) million, which have mainly affected the deferred tax liability, which now amount to SEK 3.0 billion.

#### Financing and liquidity

The operating cash flow for the full year was SEK 1,956 (4,929) million. Cash flow was positively affected by lower working capital, primarily due to reduced inventories and increased accounts payable, while increased accounts receivable had a negative effect.

#### Operating cash flow

	2013	2012	2013	2012
SEK millions	Q 4	Q 4	Full year	Full year
Operating profit/loss before amortization/depreciation	284	-19	1,333	2,491
Change in working capital	564	1,353	1,369	2,974
Maintenance expenditures	-254	-220	-656	-775
Other	-19	137	-90	239
<b>Operating cash flow</b>	<b>575</b>	<b>1,251</b>	<b>1,956</b>	<b>4,929</b>

Net cash flow for the full year amounted to SEK 695 (2,622) million. Net cash flow was affected by, among other things, strategic capital expenditure payments of SEK 172 (686) million and dividend of SEK 324 (648) million. Currency effects, including revaluation of liabilities against equity, negatively impacted on net debt in the amount of SEK 30 million during the year and net debt thereby declined by SEK 665 million and, on December 31, amounted to SEK 14,833 (15,498) million. The net debt/equity ratio was 55 (54)%.

#### Operating cash flow per business area

	2013	2012	2013	2012
SEK millions	Q 4	Q 4	Full year	Full year
SSAB EMEA	323	478	1,024	2,260
SSAB Americas	257	567	552	2,390
SSAB APAC	-24	102	266	99
Tibnor	61	181	164	378
Other	-42	-77	-50	-198
<b>Operating cash flow</b>	<b>575</b>	<b>1,251</b>	<b>1,956</b>	<b>4,929</b>
Financial items	-237	-219	-570	-572
Taxes	-121	17	-283	-432
<b>Cash flow from current operations</b>	<b>217</b>	<b>1,049</b>	<b>1,103</b>	<b>3,925</b>
Strategic capital expenditures in plants and machinery	-35	-99	-151	-656
Acquisitions of shares and operations	-1	-	-21	-30
Divestments of shares and operations	19	-	88	31
<b>Cash flow before dividend and financing</b>	<b>200</b>	<b>950</b>	<b>1,019</b>	<b>3,270</b>
Dividend to the Parent Company's shareholders	-	-	-324	-648
<b>Net cash flow</b>	<b>200</b>	<b>950</b>	<b>695</b>	<b>2,622</b>
<b>Net debt at beginning of period</b>	<b>-14,968</b>	<b>-16,391</b>	<b>-15,498</b>	<b>-18,475</b>
Net cash flow	200	950	695	2,622
Revaluation of liabilities against equity 1)	-86	78	79	610
Currency effects 2)	21	-135	-109	-255
<b>Net debt at end of period</b>	<b>-14,833</b>	<b>-15,498</b>	<b>-14,833</b>	<b>-15,498</b>

1) Revaluation of hedging of currency risks in foreign operations.

2) Mainly consisting of cash flow effects on derivative instruments and revaluation of other financial liabilities in foreign currency.

As of December 31, the term to maturity on the total loan portfolio averaged 4.1 (4.8) years, with an average fixed interest period of 0.9 (1.2) years.

#### The Group's liquidity preparedness

	2013	2012
SEK millions	31 Dec	31 Dec
Cash and cash equivalents	2,124	3,004
Committed long-term credit facilities, net	7,319	8,695
<b>Liquidity preparedness</b>	<b>9,443</b>	<b>11,699</b>
- as a percentage of annual sales (rolling 12 months)	27%	30%
Less commercial paper	-305	-866
<b>Liquidity preparedness excluding commercial paper</b>	<b>9,138</b>	<b>10,833</b>
- as percentage of annual sales (rolling 12 months)	26%	28%

#### Return on capital employed/equity

The return on capital employed before tax and return on equity after tax for 2013 amounted to -2% and -4% respectively, while for the full year of 2012 amounted to 0% respectively.

#### Equity

Following deduction for earnings attributable to the Company's shareholders of SEK -1,066 million for the full year of 2013 and other comprehensive income (primarily comprising currency translation differences) of SEK -253 million, and after deduction of dividends amounting to SEK 324 million, the

shareholders' equity in the Company was SEK 27,126 (28,769) million, which was SEK 1,643 million lower than at the end of 2012. Shareholders' equity amounted to SEK 83.74 (88.81) per share.

### Capital expenditures

Capital expenditure payments in 2013 amounted to SEK 828 (1,461) million, of which SEK 172 (686) million involved strategic capital expenditures. Of this, business acquisitions during the full year amounted to SEK 21 (30) million.

### *Development during the fourth quarter*

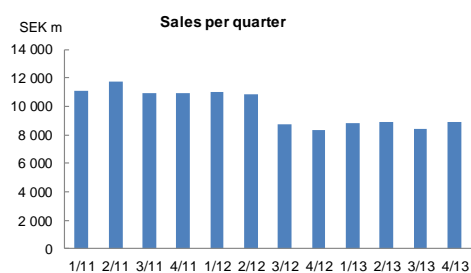
#### Shipments and production

At 1,172 (945) thousand tonnes, SSAB's shipments during the fourth quarter were 10% higher than in the third quarter of 2013 and 24% up on the fourth quarter of 2012. Shipments of niche products fell by 1% compared with the third quarter of 2013 but increased by 10% compared with the fourth quarter of 2012. All in all, during the fourth quarter niche products accounted for 33 (37)% of total shipments.

Crude steel production increased by 7% compared with the third quarter of 2013 and by 19% compared with the fourth quarter of last year. Steel production was 8% up compared with the third quarter of 2013 and 26% up compared with the fourth quarter of last year.

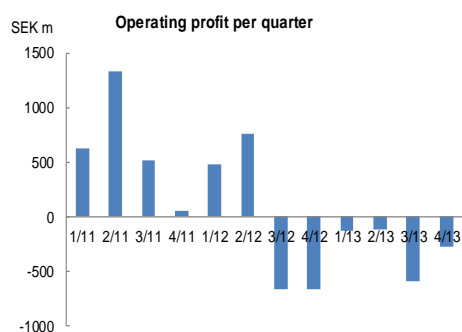
#### Sales

Sales during the fourth quarter amounted to SEK 8,920 (8,354) million, an increase of 7% compared with the fourth quarter of last year. Higher volumes accounted for a positive effect of 24 percentage points, while a weaker product mix accounted for a negative effect of 8 percentage points, lower prices for 7 percentage points and negative currency effects for 2 percentage points, compared with the fourth quarter of 2012.



#### Earnings

The operating loss for the fourth quarter was SEK -282 (-665) million, an improvement of SEK 383 million compared with the fourth quarter of last year. Higher volumes (SEK 340 million), higher capacity utilization (SEK 185 million), lower variable costs (SEK 160 million) as well as lower depreciation/amortization and positive currency effects, mainly on raw material, (SEK 175 million) were the primary reasons for the improved earnings. However, earnings were negatively affected by lower prices (SEK -300 million) and higher fixed costs (SEK -115 million).



Financial items for the fourth quarter amounted to SEK -154 (-177) million and earnings after financial items amounted to SEK -436 (-842) million.

**Loss after tax and earnings per share**

The loss after tax (attributable to the shareholders) for the fourth quarter was SEK -265 (-227) million, or SEK -0.82 (-0.70) per share. Tax for the fourth quarter was SEK 171 (615) million. The tax for 2012 included a positive non-recurring effect of SEK 253 million attributable to the change in the Swedish tax rate.

**Financing and liquidity**

The operating cash flow for the fourth quarter was SEK 575 (1,251) million. Cash flow was positively affected by a reduction in working capital, primarily due to reduced accounts receivable and increased accounts payable.

Net cash flow amounted to SEK 200 (950) million. The net cash flow was affected by, among other things, strategic capital expenditure payments of SEK 36 (99) million (total capital expenditures amounted to SEK 290 (319) million). The net debt decreased by SEK 135 million during the fourth quarter and, as of December 31, amounted to SEK 14,833 million. The net debt/equity ratio was 55%.



**SSAB EMEA**

	<b>2013</b>	2012	<b>2013</b>	2012
SEK millions	<b>Q 4</b>	Q 4	<b>Full year</b>	Full year
Sales	<b>4,594</b>	4,529	<b>18,055</b>	20,258
Operating loss	<b>-289</b>	-545	<b>-761</b>	-930
Operating cash flow	<b>323</b>	478	<b>1,024</b>	2,260
Number of employees at end of period	<b>6,054</b>	6,504	<b>6,054</b>	6,504

Demand during the fourth quarter was higher than during the seasonally weak third quarter. Demand was stronger from several segments, especially Heavy Transport and Automotive. A number of orders for standard steels have been supplied in order to maintain capacity utilization.

External steel shipments during the fourth quarter were 18% higher than in the third quarter of 2013 and 29% up compared with the fourth quarter of 2012, and amounted to 482 (373) thousand tonnes. Shipments of niche products increased by 4% compared with the third quarter of 2013 and by 13% compared with the fourth quarter of 2012, and amounted to 194 (172) thousand tonnes. Shipments of niche products thereby accounted for 40 (46)% of total shipments.

In local currency, during the fourth quarter prices of niche products fell by 1% and prices of standard steels fell by 4% compared with the third quarter of 2013. Compared with the fourth quarter 2012, the prices in local currency fell by 4% on niche products and by 6% on standard steels.

Crude steel production increased by 11% compared with third quarter of 2013 and by 14% compared with the fourth quarter of 2012. Steel production was 9% higher than in the third quarter of 2013 and 24% higher than in the fourth quarter of last year.

Sales increased by 1% compared with the fourth quarter of 2012 and amounted to SEK 4,594 (4,529) million. Higher volumes accounted for a positive effect of 30 percentage points, while a weaker product mix accounted for a negative effect of 20 percentage points, lower prices for 8 percentage points and negative currency effects for 1 percentage point.

The operating loss for the quarter was SEK -289 (-545) million, an improvement of SEK 256 million compared with the fourth quarter of 2012. Higher volumes, lower variable costs and improved capacity utilization were the primary reasons for the improved result. The operating result improved by SEK 186 million compared with the third quarter 2013, mainly due to higher volumes, lower variable costs and improved capacity utilization.

The operating cash flow during the fourth quarter was SEK 323 (478) million. Cash flow was positively affected by lower working capital, primarily by reduced inventories and an increase in accounts payable.

Capital expenditure payments during the quarter amounted to SEK 192 (212) million, of which SEK 9 (17) million involved strategic capital expenditures.

**SSAB AMERICAS**

	<b>2013</b>	2012	<b>2013</b>	2012
SEK millions	<b>Q 4</b>	Q 4	<b>Full year</b>	Full year
Sales	<b>3,775</b>	3,238	<b>14,382</b>	16,173
Operating profit 1)	<b>181</b>	110	<b>272</b>	1,568
Operating cash flow	<b>257</b>	567	<b>552</b>	2,390
Number of employees at end of period	<b>1,488</b>	1,394	<b>1,488</b>	1,394

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

Demand from the Heavy Transport segment and Service Centers increased during the quarter, while demand from the Energy segment remained strong.

During the fourth quarter, external shipments of steel were 5% higher than in the third quarter of 2013 and 24% higher than in the fourth quarter of 2012. Steel shipments amounted to 657 (530) thousand tonnes. Shipments of niche products were 5% lower than in the third quarter of 2013 but 16% higher than in the fourth quarter of last year.

Shipments of niche products amounted to 157 (135) thousand tonnes and thereby accounted for 24 (26)% of total shipments.

Compared with the third quarter of 2013, prices of niche steels were unchanged in local currency, as were prices of standard steels. Compared with the fourth quarter 2012, the prices in local currency fell by 3% on niche products and by 2% on standard steels. The price increases, announced in the end of 2013 and beginning of 2014, will gradually have an impact in the first and second quarter of 2014, however somewhat offset by higher scrap prices.

Crude steel production was 2% up compared with the third quarter of 2013 and 25% higher than in the fourth quarter of 2012. Steel production was 6% higher than in the third quarter of 2013 and 29% higher than in the fourth quarter of 2012.

Sales during the fourth quarter were 17% higher than in the fourth quarter of 2012 and amounted to SEK 3,775 (3,238) million. Higher volumes accounted for a positive effect of 24 percentage points, while lower prices accounted for a negative effect of 5 percentage points and negative currency effects and a weaker product mix for 2 percentage points.

The operating profit was SEK 71 million better compared with the fourth quarter 2012 and amounted to SEK 181 (110) million. Higher volumes, lower variable costs and improved capacity utilization were the primary reasons for the improved result. The operating result increased by SEK 128 million compared with the third quarter 2013, mainly due to higher volumes and lower variable costs.

The operating cash flow during the fourth quarter was SEK 257 (567) million. Cash flow was primarily affected by a positive operating profit as well as a reduction in working capital.

Capital expenditure payments during the quarter amounted to SEK 85 (91) million, of which SEK 26 (74) million involved strategic capital expenditures.

## SSAB APAC

	2013	2012	2013	2012
SEK millions	Q 4	Q 4	Full year	Full year
Sales	357	559	1,761	2,318
Operating profit/loss	-12	46	27	167
Operating cash flow	-24	102	266	99
Number of employees at end of period	200	220	200	220

Demand within APAC remained weak also during the fourth quarter; however, the Automotive segment remained stable.

External shipments of niche products fell by 9% compared with the third quarter of 2013 and by 23% compared with the fourth quarter of last year. Shipments of niche products amounted to 31 (40) thousand tonnes and accounted for 94 (95)% of total shipments.

Prices of niche steels in local currencies were 2% lower than in the third quarter of 2013 and 4% lower than in the fourth quarter of 2012.

Sales declined by 36% compared with the fourth quarter of 2012 and amounted to SEK 357 (559) million. Lower volumes accounted for a negative effect of 24 percentage points, lower prices accounted for a negative effect of 14 percentage points and negative currency effects for 3 percentage points, while an improved product mix accounted for a positive effect of 5 percentage points.

The operating profit/loss for the quarter was SEK -12 (46) million, a fall of SEK 58 million compared with the fourth quarter of 2012. Lower prices and lower volumes were the primary reasons for the weaker result. The operating result decreased by SEK 3 million compared with the third quarter 2013, mainly due to lower volumes and lower prices.

The operating cash flow during the fourth quarter was SEK -24 (102) million. Cash flow was negatively affected by higher working capital, primarily due to an increase in inventories.

Capital expenditure payments during the quarter amounted to SEK 1 (13) million, of which SEK 0 (11) million involved strategic capital expenditures.

## Tibnor

	<b>2013</b>	2012	<b>2013</b>	2012
SEK millions	<b>Q 4</b>	Q 4	<b>Full year</b>	Full year
Sales	<b>1,302</b>	1,288	<b>5,245</b>	5,961
Operating profit/loss	<b>7</b>	-42	<b>73</b>	104
Operating cash flow	<b>61</b>	181	<b>164</b>	378
Number of employees at end of period	<b>782</b>	797	<b>782</b>	797

Total shipments during the fourth quarter were 15% higher than in the third quarter of 2013 and 10% higher than in the fourth quarter of last year. Strip products, engineering steels and rebar products experienced positive growth compared with the fourth quarter of 2012.

Sales increased by 1% compared with the fourth quarter of 2012 and amounted to SEK 1,302 (1,288) million. Sales were positively affected by higher volumes but negatively affected by lower prices.

The operating profit/loss for the fourth quarter was SEK 7 (-42) million, an improvement of SEK 49 million compared with the fourth quarter of 2012. Higher volumes and lower fixed costs were the primary reasons for the improved result. The operating result improved by SEK 13 million compared with the third quarter 2013, mainly due to improved volumes and mix.

The operating cash flow for the fourth quarter was SEK 61 (181) million. Cash flow was positively affected by a reduction in working capital, primarily reduced accounts receivable.

## Emission rights

During the fourth quarter, the Swedish Environmental Protection Agency decided on the allocation of emission rights for the 2013-2020 trading period. The allocation was lower than in the preceding trading period and SSAB has appealed the decision. The awarded allocation was sufficient for emissions from production in 2013. Including rights saved, the emission rights is expected to be sufficient also for the production 2014.

## Dividend

The Board of Directors proposes to the Annual General Meeting that no dividend be paid.

## Annual General Meeting

The Annual General Meeting will be held on April 9, 2014 in Stockholm. It is estimated that the annual report will be finalized during the week of March 17, 2014 and will then also be available at the Company's head office and on the website, [www.ssab.com](http://www.ssab.com).

The Board's proposal for the decisions that will enable the rights issue in connection with the offer to the shareholders of Rautaruukki will be presented in the notice to attend the Annual General Meeting.

Notice of attendance at the Annual General Meeting can be submitted commencing March 3, 2014 up to and including 12 noon on April 3, 2014.

Notice can be submitted via SSAB's website or by telephone on +46 8-45 45 760.

## Risks and uncertainties

For information regarding material risks and uncertainty factors, reference is made to the detailed description provided in the Annual Report. No material new or changed risks and uncertainty factors were identified during the year.

## Accounting principles

These results have been prepared in accordance with IAS 34.

The accounting principles are based on International Financial Reporting Standards as adopted by the EU and consequential references to Chapter 9 of the Annual Accounts Act. The accounts of the Parent Company have been prepared in accordance with RFR 2 and the Annual Accounts Act.

The application of the new IFRS 13, "Fair Value" and amendments to IFRS 7, "Financial Instruments: Disclosures" has entailed the disclosure of additional information regarding financial instruments; see page 15. Otherwise, no material changes in accounting principles have taken place since the annual report for 2012.

## Significant events since the end of the financial year

On January 22, 2014, it was announced that SSAB has issued an offer on Rautaruukki. The offer is a recommended share exchange offer to Rautaruukki's shareholders.

The proposed combination is expected to create substantial values for the shareholders in the combined company, stemming from both tangible cost synergies as well as increased flexibility.

The proposed combination is conditional on SSAB's shareholders adopting the resolutions necessary for implementation of the combination and the share exchange offer, and SSAB receiving more than 90% of the shares in Rautaruukki. Also needed are necessary public authority approvals, including receipt of approvals from competition authorities within the EU and other legislations.

For more information, reference is made to the press release, which is available on [www.ssab.com](http://www.ssab.com).

## Review report

These results have not been subject to review by the auditors.

Stockholm, 6 February 2014



Martin Lindqvist  
President and CEO

**Consolidated income statement**

	2013	2012	2013	2012
SEK millions	Q 4	Q 4	Full year	Full year
Sales	8,920	8,354	35,022	38,923
Cost of goods sold	-8,440	-8,218	-33,290	-36,129
<b>Gross profit</b>	<b>480</b>	<b>136</b>	<b>1,732</b>	<b>2,794</b>
Selling and administrative costs	-812	-836	-2,939	-2,976
Other operating income and expenses 1)	44	34	60	54
Affiliated companies, profit after tax	6	1	16	32
<b>Operating loss</b>	<b>-282</b>	<b>-665</b>	<b>-1,131</b>	<b>-96</b>
Financial income	20	6	62	61
Financial expenses	-174	-183	-659	-658
<b>Loss for the period after financial items</b>	<b>-436</b>	<b>-842</b>	<b>-1,728</b>	<b>-693</b>
Tax	171	615	662	708
<b>Profit/loss for the period after tax</b>	<b>-265</b>	<b>-227</b>	<b>-1,066</b>	<b>15</b>
Of which attributable to:				
- the Parent Company's shareholders	-265	-227	-1,066	15
- non-controlling interest	0	-	0	-

<b>Key numbers</b>	2013	2012	2013	2012
	Q 4	Q 4	Full year	Full year
Operating margin (%)	-3	-8	-3	0
Return on capital employed before tax (%)	-	-	-2	0
Return on equity after tax (%)	-	-	-4	0
Earnings per share (SEK) 2)	-0.82	-0.70	-3.29	0.05
Equity per share (SEK)	83.74	88.81	83.74	88.81
Equity ratio (%)	48	49	48	49
Net debt/equity ratio (%)	55	54	55	54
Average number of shares during the period (millions)	323.9	323.9	323.9	323.9
Number of shares at end of period (millions)	323.9	323.9	323.9	323.9
Number of employees at end of period	8,712	8,978	8,712	8,978

1) The results for the quarter include primarily currency effects on operating receivables/liabilities of SEK 20 (-20) million, as well as capital gains of SEK 12 (-) million on sales of real estate.

For the full year, currency effects on operating receivables/liabilities are primarily included in the amount of SEK -59 (-61) million, capital gains on the sale of real estate of SEK 73 (-) million, and a profit on emission rights of SEK 57 (1) million.

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

**Consolidated statement of comprehensive income**

SEK millions	2013 Q 4	2012 Q 4	2013 Full year	2012 Full year
<b>Profit/loss for the period after tax</b>	<b>-265</b>	-227	<b>-1,066</b>	15
<i>Other comprehensive income</i>				
<u>Items that may be subsequently reclassified to the income statement:</u>				
Translation differences for the period	254	-224	-251	-1,750
Cash flow hedges	-83	-79	-71	-84
Hedging of currency risks in foreign operations 1)	-86	78	79	610
Share in other comprehensive income of affiliated companies and joint ventures	0	2	-16	3
Tax attributable to items that may be subsequently reclassified to the income statement	37	1	-2	-138
Total items that may be subsequently reclassified to the income statement	122	-222	-261	-1,359
<u>Items that will not be reclassified to the income statement:</u>				
Remeasurements of the net defined benefit liability	11	-10	11	-10
Tax attributable to items that will not be reclassified to the income statement	-3	3	-3	3
Total items that will not be reclassified to the income statement	8	-7	8	-7
<b>Total other comprehensive income for the period, net after tax</b>	<b>130</b>	-229	<b>-253</b>	-1,366
<b>Total comprehensive income for the period</b>	<b>-135</b>	-456	<b>-1,319</b>	-1,351
Of which attributable to:				
- parent Company's shareholders	-135	-456	-1,319	-1,351
- non-controlling interest	0	-	0	-

1) Hedging is structured such that the net debt/equity ratio is unchanged in the event of changed exchange rates

**Consolidated statement of changes in equity**

SEK millions	Equity attributable to the Parent Company's shareholders						Non-controlling interest	Total equity
	Share capital	Other contributed funds	Reserves	Retained earnings	Total equity			
Equity, December 31, 2011	2,851	9,944	-1,769	19,742	30,768	-	30,768	
<u>Changes Jan 1 - Dec 31, 2012</u>								
Comprehensive income for the period			-1,359	8	-1,351		-1,351	
Dividend				-648	-648		-648	
Equity, December 31, 2012	2,851	9,944	-3,128	19,102	28,769	-	28,769	
<u>Changes Jan 1 - Dec 31, 2013</u>								
Comprehensive income for the period			-261	-1,058	-1,319		-1,319	
Non-controlling interest resulting from business acquisitions					-	23	23	
Dividend				-324	-324		-324	
<b>Equity, December 31, 2013</b>	<b>2,851</b>	<b>9,944</b>	<b>-3,389</b>	<b>17,720</b>	<b>27,126</b>	<b>23</b>	<b>27,149</b>	

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

**Consolidated balance sheet**

SEK millions	31 Dec 2013	31 Dec 2012
<b>Assets</b>		
Goodwill	17,762	17,882
Other intangible assets	2,149	2,734
Tangible fixed assets	16,467	17,610
Participations in affiliated companies	284	327
Financial assets 1)	1,599	1,035
Deferred tax receivables 2)	653	668
<b>Total fixed assets</b>	<b>38,914</b>	40,256
Inventories	8,783	9,435
Accounts receivable	4,785	4,383
Current tax receivables	334	426
Other current receivables	996	1,115
Cash and cash equivalents	2,124	3,004
<b>Total current assets</b>	<b>17,022</b>	18,363
<b>Total assets</b>	<b>55,936</b>	58,619
<b>Equity and liabilities</b>		
Equity for shareholders of the Company	27,126	28,769
Non-controlling interest	23	-
<b>Total equity</b>	<b>27,149</b>	28,769
Deferred tax liabilities	2,969	3,820
Other long-term provisions	254	306
Deferred liability 2)	376	456
Long-term interest-bearing liabilities	16,093	18,267
<b>Total long-term liabilities</b>	<b>19,692</b>	22,849
Short-term interest-bearing liabilities	2,568	1,115
Current tax liabilities	118	243
Accounts payable	4,578	3,470
Other current liabilities	1,831	2,173
<b>Total current liabilities</b>	<b>9,095</b>	7,001
<b>Total equity and liabilities</b>	<b>55,936</b>	58,619
Pledged assets 3)	2,262	242
Contingent liabilities	599	594

1) Financial assets include long-term bank deposits (escrow agreement) in the amount of USD 240 (150) million.

2) Of the deferred tax receivable, SEK 376 (455) million constitutes a valuation of the future tax credits regarding investments in Alabama, USA. Since the credits have not yet been booked as income, a corresponding liability has been booked as a "Long-term non-interest-bearing liability".

3) The increase in pledged assets primarily comprises surplus liquidity in the Belgian finance company which is pledged to the benefit of other Group companies.

**Valuation of financial assets and liabilities**

Financial assets and liabilities in the balance sheet are valued based on their classification at acquisition value or fair value. Both interest rate derivatives and currency derivatives are valued at fair value. In the balance sheet item "Other current receivables" derivatives are valued at a total of SEK 131 million and in the balance sheet item "Other current liabilities" derivatives are valued at a total of SEK 125 million.

Other financial assets and liabilities in the balance sheet are reported at acquisition value. In the case of valuation at fair value, the loans at fixed interest reported in the balance sheet item "Long-term interest-bearing liabilities" would exceed the reported amount by SEK 428 million; however, since the loans will be held until maturity, this does not affect the reported value.

**Assessment of fair value of financial instruments**

The classification shall take place hierarchically on three different levels based on the input data used in valuing instruments. On level 1, listed prices on an active market are used, e.g. stock exchange prices. On level 2, observable market data regarding assets and liabilities other than listed prices are used, e.g. interest rates and return curves. On level 3, the fair value is determined using a valuation technique which is based on assumptions that are not based on prices or data that are directly observable.

The fair value valuation of the financial assets in SSAB is based on data in accordance with level 2.

**Cash flow**

	<b>2013</b>	2012	<b>2013</b>	2012
SEK millions	<b>Q 4</b>	Q 4	<b>Full year</b>	Full year
Operating loss	<b>-282</b>	-665	<b>-1,131</b>	-96
Adjustments for depreciation and impairment	<b>567</b>	646	<b>2,464</b>	2,586
Adjustment for other non-cash items	<b>-28</b>	105	<b>-114</b>	193
Received and paid interest	<b>-237</b>	-219	<b>-570</b>	-572
Tax paid	<b>-121</b>	16	<b>-283</b>	-433
Change in working capital	<b>564</b>	1,353	<b>1,369</b>	2,974
<b>Cash flow from operating activities</b>	<b>463</b>	1,236	<b>1,735</b>	4,652
Capital expenditure payments in plants and machinery	<b>-289</b>	-319	<b>-807</b>	-1,431
Acquisitions, shares and operations	<b>-1</b>	-	<b>-21</b>	-30
Divested shares and operations	<b>19</b>	-	<b>88</b>	31
Other investing activities	<b>8</b>	33	<b>24</b>	48
<b>Cash flow from investing activities</b>	<b>-263</b>	-286	<b>-716</b>	-1,382
Dividend	<b>-</b>	-	<b>-324</b>	-648
Change in loans	<b>-277</b>	1,110	<b>-686</b>	-601
Change in financial investments	<b>0</b>	83	<b>-758</b>	413
Other financing activities	<b>-1</b>	-1,231	<b>-82</b>	-976
<b>Cash flow from financing activities</b>	<b>-278</b>	-38	<b>-1,850</b>	-1,812
<b>Cash flow for the period</b>	<b>-78</b>	912	<b>-831</b>	1,458
Cash and cash equivalents at beginning of period	<b>2,193</b>	2,166	<b>3,004</b>	1,648
Exchange rate difference in cash and cash equivalents	<b>9</b>	-74	<b>-49</b>	-102
<b>Cash and equivalents at end of period</b>	<b>2,124</b>	3,004	<b>2,124</b>	3,004



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

	Sales				Sales, external		Operating profit/loss		Return on capital employed (%) <sup>3)</sup>	
	2013 Full year	2012 Full year	Change in% in% 2)		2013 Full year	2012 Full year	2013 Full year	2012 Full year	2013 Full year	2012 Full year
SEK millions										
SSAB EMEA	18,055	20,258	-11%	-8%	13,861	14,839	-761	-930	-5	-6
SSAB Americas	14,382	16,173	-11%	-7%	14,311	15,978	272	1,568	4	18
SSAB APAC	1,761	2,318	-24%	-20%	1,761	2,318	27	167	3	11
Tibnor	5,245	5,961	-12%	-12%	5,089	5,788	73	104	5	7
Amortization on surplus values 1)							-681	-861		
Other	-4,421	-5,787					-61	-144	-	-
<b>Total</b>	<b>35,022</b>	<b>38,923</b>	<b>-10%</b>	<b>-6%</b>	<b>35,022</b>	<b>38,923</b>	<b>1,131</b>	<b>-96</b>	<b>-2</b>	<b>0</b>

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

2) Adjusted for changes in exchange rates.

3) SSAB Americas' return is calculated excluding surplus values. Inclusive of surplus values, the return is -1 (2)%.

**The Group's results per quarter**

SEK millions	1/11	2/11	3/11	4/11	1/12	2/12	3/12	4/12	1/13	2/13	3/13	4/13
Sales	11,056	11,769	10,917	10,898	11,023	10,816	8,730	8,354	8,833	8,894	8,375	8,920
Operating expenses	-9,868	-9,901	-9,825	-10,233	-9,922	-9,439	-8,730	-8,374	-8,324	-8,365	-8,375	-8,642
Depreciation	-572	-561	-585	-627	-629	-643	-668	-646	-644	-657	-596	-566
Affiliated companies	5	23	4	12	7	21	3	1	-1	13	-2	6
Financial items	-112	-144	-110	-148	-150	-146	-124	-177	-142	-158	-143	-154
<b>Profit/loss after financial items</b>	<b>509</b>	<b>1,186</b>	<b>401</b>	<b>-98</b>	<b>329</b>	<b>609</b>	<b>-789</b>	<b>-842</b>	<b>-278</b>	<b>-273</b>	<b>-741</b>	<b>-436</b>

**Sales per quarter and business area**

SEK millions	1/11	2/11	3/11	4/11	1/12	2/12	3/12	4/12	1/13	2/13	3/13	4/13
SSAB EMEA	6,071	6,386	5,491	5,820	5,780	5,400	4,549	4,529	4,573	4,723	4,165	4,594
SSAB Americas	3,984	4,403	4,505	4,207	4,609	4,657	3,669	3,238	3,460	3,508	3,639	3,775
SSAB APAC	690	788	625	708	585	661	513	559	555	455	394	357
Tibnor	1,951	1,957	1,637	1,699	1,771	1,636	1,266	1,288	1,366	1,416	1,161	1,302
Other	-1,640	-1,765	-1,341	-1,536	-1,722	-1,538	-1,267	-1,260	-1,121	-1,208	-984	-1,108
<b>Sales</b>	<b>11,056</b>	<b>11,769</b>	<b>10,917</b>	<b>10,898</b>	<b>11,023</b>	<b>10,816</b>	<b>8,730</b>	<b>8,354</b>	<b>8,833</b>	<b>8,894</b>	<b>8,375</b>	<b>8,920</b>

**Operating profit/loss per quarter and business area**

SEK millions	1/11	2/11	3/11	4/11	1/12	2/12	3/12	4/12	1/13	2/13	3/13	4/13
SSAB EMEA	236	664	-3	-248	-124	383	-644	-545	-53	56	-475	-289
SSAB Americas	383	651	661	414	670	537	251	110	87	-49	53	181
SSAB APAC	102	67	59	96	65	40	16	46	42	6	-9	-12
Tibnor	128	99	12	15	105	67	-26	-42	15	57	-6	7
Amortization on surplus values 1)												
Other	-189	-183	-189	-197	-197	-225	-218	-221	-201	-206	-151	-123
Other	-39	32	-29	-30	-40	-47	-44	-13	-26	21	-10	-46
<b>Operating profit/loss</b>	<b>621</b>	<b>1,330</b>	<b>511</b>	<b>50</b>	<b>479</b>	<b>755</b>	<b>-665</b>	<b>-665</b>	<b>-136</b>	<b>-115</b>	<b>-598</b>	<b>-282</b>

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

**The Parent Company's income statement**

	2013	2012	2013	2012
SEK millions	Q 4	Q 4	Full year	Full year
Gross profit	0	0	0	0
Administrative expenses	-52	-52	-184	-245
Other operating income/expenses	9	29	122	103
<b>Operating loss</b>	<b>-43</b>	<b>-23</b>	<b>-62</b>	<b>-142</b>
Dividend from subsidiaries	97	7	177	1,083
Financial items	-90	-85	-365	-325
<b>Profit/loss after financial items</b>	<b>-36</b>	<b>-101</b>	<b>-250</b>	<b>616</b>
Appropriations	346	-105	346	-105
Tax	-47	68	17	160
<b>Profit/loss after tax</b>	<b>263</b>	<b>-138</b>	<b>113</b>	<b>671</b>

**The Parent Company's statement of comprehensive income**

	2013	2012	2013	2012
SEK millions	Q 4	Q 4	Full year	Full year
<b>Profit after tax</b>	<b>263</b>	<b>-138</b>	<b>113</b>	<b>671</b>
<i>Other comprehensive income</i>				
<u>Items that may be reclassified to the income statement</u>				
Hedging of currency risks in foreign operations	-86	78	79	610
Cash flow hedges	-11	-12	13	-28
Tax attributable to other comprehensive income	22	-20	-19	-156
Total items that may be reclassified to the income statement	-75	46	73	426
<b>Other comprehensive income, net after tax</b>	<b>-75</b>	<b>46</b>	<b>73</b>	<b>426</b>
<b>Total comprehensive income for the year</b>	<b>188</b>	<b>-92</b>	<b>186</b>	<b>1,097</b>

**The Parent Company's balance sheet**

	31 Dec	31 Dec
SEK millions	2013	2012
<b>Assets</b>		
Fixed assets	39,331	39,264
Other current assets	10,960	12,809
Cash and cash equivalents	50	539
<b>Total assets</b>	<b>50,341</b>	<b>52,612</b>
<b>Equity and liabilities</b>		
Restricted equity	3,753	3,753
Unrestricted equity	27,165	27,303
<b>Total equity</b>	<b>30,918</b>	<b>31,056</b>
Untaxed reserves	43	175
Long-term liabilities and provisions	14,335	16,455
Current liabilities and provisions	5,045	4,926
<b>Total equity and liabilities</b>	<b>50,341</b>	<b>52,612</b>

**Production and shipments**

Thousand tonnes	1/11	2/11	3/11	4/11	1/12	2/12	3/12	4/12	1/13	2/13	3/13	4/13
<b>Crude steel production</b>												
- SSAB EMEA	943	957	612	741	832	867	551	713	744	805	732	813
- SSAB Americas	631	624	607	556	624	609	540	517	610	584	632	647
-Total	1,574	1,581	1,219	1,297	1,456	1,476	1,091	1,230	1,354	1,389	1,364	1,460
<b>Steel production 1)</b>												
- SSAB EMEA	765	755	506	591	638	664	466	491	624	625	559	611
- SSAB Americas	592	579	563	537	591	571	516	487	574	541	590	626
-Total	1,357	1,334	1,069	1,128	1,229	1,235	982	978	1,198	1,166	1,149	1,237
<b>Steel shipments</b>												
- SSAB EMEA	571	556	418	455	511	437	378	373	469	474	407	482
- SSAB Americas	623	628	612	579	622	626	540	530	587	574	628	657
- SSAB APAC	57	64	46	52	41	46	38	42	44	37	35	33
-Total	1,251	1,248	1,076	1,086	1,174	1,109	956	945	1,100	1,085	1,070	1,172
<b>of which niche products</b>												
- SSAB EMEA	233	244	187	190	227	215	186	172	200	223	186	194
- SSAB Americas	170	154	171	150	193	154	143	135	179	170	166	157
- SSAB APAC	56	61	45	52	39	45	36	40	42	37	34	31
-Total niche products	459	459	403	392	459	414	365	347	421	430	386	382

1) Including subcontract rolling.

**Sensitivity analysis**

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

	Change,%	Effect on profit, SEK millions	Effect on earnings per share, SEK 2)
Steel prices - steel business	10	2,800	6.74
Volumes, steel business 1)	10	210	0.51
Iron ore prices	10	370	0.89
Coal prices	10	280	0.67
Scrap metal prices	10	560	1.35
Interest rate	1% point	90	0.22
Krona index 3)	5	210	0.51

1) Excluding the effect of lower capacity utilization (under-absorption),

2) Calculated based on 22% tax.

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

**Note:**

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

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**Report for the first quarter of 2014**

*The report for the first quarter of 2014 will be published on April 25, 2014.*



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