SSAB February 6, 2008 Q4-2007.ce

Results for 2007

- **Proposal that the dividend per share be increased to SEK 5.00 (4.50), equal to SEK 1,620 (1,166) million.**

The Quarter

- **Sales during the fourth quarter amounted to SEK 16,086 (8,316) million, of which IPSCO contributed SEK 7,479 million.**
- **Operating profit amounted to SEK 2,844 (1,575) million, of which IPSCO contributed SEK 1,082 million. Excluding non-recurring items of SEK 50 (87) million, operating profit amounted to SEK 2,794 (1,488) million, of which IPSCO contributed SEK 1,091 million.**
- **Profit after financial items amounted to SEK 1,923 (1,585) million, of which IPSCO contributed SEK 65 million. Excluding non-recurring items of SEK -201 (87) million, profit was SEK 2,124 (1,498) million, of which IPSCO contributed SEK 316 million.**
- **Cash flow from current operations for the quarter amounted to SEK 1,091 (810) million.**

The full year of 2007

- **Sales increased by 53% to SEK 47,651 (31,054) million, of which IPSCO contributed SEK 13,317 million (43 percentage points).**
- **Operating profit was SEK 8,061 (5,951) million, of which IPSCO contributed SEK 951 million. Excluding non-recurring items of SEK -922 (164) million, operating profit was SEK 8,983 (5,787) million, of which IPSCO contributed SEK 1,970 million.**
- **Profit after financial items amounted to SEK 6,399 (5,949) million, of which IPSCO contributed SEK -829 million. This means that the profit in the "old SSAB" was SEK 7,228 (5,946) million, which is he highest ever. Excluding non-recurring items of SEK -1,434 (164) million, profit was SEK 7,833 (5,785) million, an increase of 35%, of which IPSCO contributed SEK 702 million.**
- **Profit after tax was SEK 4,685 (4,341) million, entailing earnings per share of SEK 15.45 (14.66).**
- **Cash flow from current operations for the year amounted to SEK 3,957 (3,958) million.**
- **Return on capital employed was 18 (36)% and return on equity was 22 (29)%.**
- **At the time of the acquisition of IPSCO, the net debt/equity ratio was 313% and, after the new issue, 171%. At the end of 2007, the net debt/equity ratio was down to 148%.**

The CEO's comments

SSAB's earnings for the full year of 2007 were the highest in the company's history. The acquisition of IPSCO has gone well both financially and operationally, and in line with the objectives reported at the time of the acquisition. The acquisition of IPSCO has negatively affected the result with SEK -829 million, due to significant non-recurring items. During the fourth quarter IPSCO made a positive contribution to the result of the Group and the non-recurring items that have affected the Group are now behind us.

By the end of the year, we have now almost refinanced all the loans that were taken up in connection with the acquisition. This has resulted in lower interest expenses and longer terms until maturity.

From an organizational perspective, IPSCO is now integrated into the business and the work on achieving the synergies we foresaw is proceeding according to plan. Extensive technical cooperation has been established and, on the marketing side, active work is taking place on harmonizing our sales. The acquisition creates conditions for continued strong development of our niche products.

The steel market has been strong during the year, and this is particularly the case as regards demand for our niche products. The trend in our important customer segments, such as mining, energy and the transport sectors has been extremely good. For us, growth depends not only on a generally strong steel market but also on the customers' willingness to move from standard products to more advanced steels within our niches.

I remain optimistic regarding the steel market in 2008 in general and as regards our niche products in particular. Increased environmental demands as well as demands for reduced energy consumption, particularly within the transport sector, will drive demand for our high-strength steels since these contribute to reduced emissions and lower energy consumption.

Consolidated income statement

SEK millions	**2007 Q 4**	2006 Q 4	**2007 Full Year**	2006 Full Year
Sales	**16,086**	8,316	**47,651**	31,054
Operating profit	**2,844**	1,575	**8,061**	5,951
Of which operating profit per business area				
- *Strip Products*	**888**	766	**3,472**	2,799
- *Plate*	**802**	520	**2,676**	2,230
- *IPSCO 1)*	**1,090**	-	**1,970**	-
- *Tibnor*	**160**	247	**877**	776
- *Write off, IPSCO's surplus value, inventory 2)*	**-9**	-	**-1,019**	-
- *Other*	**-87**	42	**85**	146
	2,844	1,575	**8,061**	5,951
Financial items 3)	**-921**	10	**-1,662**	-2
Profit after financial items	**1,923**	1,585	**6,399**	5,949
Tax	**-531**	-413	**-1,714**	-1,608
Profit after tax	**1,392**	1,172	**4,685**	4,341
Key ratios, the Group				
Return on capital employed before tax (%)	**-**	-	**18**	36
Return on equity after tax (%)	**-**	-	**22**	29
Earnings per share (SEK) 4)	**4.23**	4.04	**15.45**	14.66
Goodwill (SEK millions)	**30,203**	0	**30,203**	0
Equity (SEK millions)	**29,144**	15,551	**29,144**	15,551
Net debt (SEK millions) 5)	**43,273**	-176	**43,273**	-176
Net debt/equity ratio (%)	**148**	-1	**148**	-1

IPSCO is included in the Group commencing July 18, 2007, i.e. for almost 5.5 months.
1) IPSCO's operating profit during the fourth quarter has been affected by SEK 295 million in depreciation of the provisionally allocated surplus values on intangible and tangible fixed assets. Since the acquisition, these depreciations have amounted to SEK 528 million.
2) The surplus value on IPSCO's inventory at the time of the acquisition amounted to SEK 1,010 million; this has been dissolved in its entirety and affected the result for the third quarter. However, as a consequence of exchange rate changes, the result for the fourth quarter has been affected by a further SEK 9 million.
3) Non-recurring costs for financing the acquisition of IPSCO are included in the amount of SEK -251 million for Q4 and SEK -512 million for the full year of 2007.
4) Earnings per share have been adjusted based on the bonus issue element in the new issue.
5) Net debt has been calculated in accordance with the definition provided in the most recent annual report, which among other things entails that interest-bearing receivables and liabilities include current tax claims and tax liabilities.

The Market

Growth in global demand for steel remained strong during 2007 and, according to IISI's forecasts, amounted to approx. 7%. Compared with previous years, growth was more balanced between growth economies and mature economies, with the exception of North America, where steel consumption declined during the year.

Chinese demand for steel continued to increase strongly during the year, but at a somewhat slower rate than in previous years. Chinese net exports of steel remained large but fell somewhat during the second half of 2007.

Steel consumption in Europe, including Eastern Europe, was strong during the year. Inventories increased at the beginning of the year, primarily at distributors, in part with imported materials, mainly from China. During the second half of the year, inventory levels declined again but remained at relatively high levels.

The Swedish sheet and plate market was strong in 2007 and is estimated to have shown growth of 3%, which is somewhat lower than growth in 2006.

The order situation among SSAB's customers remains strong. Investments remain at a high level within infrastructure-related industry and equipment for the mining industry, as well as heavy transports.

The market for quenched steels has benefited from the continued strong trend within investment goods in both mature economies and developing regions. Demand for quenched steels was strong throughout the year and it was possible to gradually increase prices. SSAB's deliveries of quenched steels increased by 11% during the fourth quarter and by 9% for 2007.

Demand for strip products in Europe was strong during the year. During the first half of the year, it was possible to gradually carry out price increases totalling approx. 9% in local currencies. During the third quarter, prices levelled off and then fell somewhat during the fourth quarter. Strip prices remain, however, at a historically high level, not least due to high raw materials costs.

As compared with last year, deliveries of advanced high-strength steels increased by 13% during the fourth quarter and, in 2007 as a whole, by 17%. The increase is primarily attributable to the heavy transport segments in the United States and Asia.

For the year as a whole, the Swedish steel operations' prices were 13% higher than in 2006.

IPSCO increased its deliveries by 19% during the fourth quarter and by 10% for the year as a whole, as compared with 2006. Deliveries of plate increased by 87 thousand tons to 2,547 (2,460) thousand tons and deliveries of pipes increased by 290 thousand tons to 1,520 (1,230) thousand tons. The increase in deliveries of pipes is mainly attributable to the acquisition of NS Group, which was carried out at the end of 2006.

The acquisition of IPSCO

At the time of the acquisition, IPSCO had booked assets of SEK 28.7 billion as well as short and long-term liabilities of SEK 12.6 billion, i.e. booked net assets of SEK 16.1 billion. The purchase price including acquisition costs exceeded the net assets by SEK 35.4 billion. SEK 1.0 billion was allocated to surplus values in inventory while an amount of SEK 5.0 billion has provisionally been allocated on tangible fixed assets, SEK 6.6 billion on intangible fixed assets and SEK -4.4 billion on deferred tax liabilities, after which the remaining SEK 26.2 billion is reported as goodwill. Taken over goodwill amounted to SEK 4.2 billion. Assumed net debts amounted to SEK 5.0 billion.

The surplus value on inventories negatively affected the result for the third quarter, while the provisional surplus values on machinery and equipment as well as on customer relations are depreciated over a ten-year period. A more detailed review is underway in order to conclusively establish the surplus values and their depreciation periods.

IPSCO, including related non-recurring items, has affected the Group's profit after financial items by SEK -829 million. Excluding non-recurring items, IPSCO has contributed in accordance with the following table:

Contribution from IPSCO 1)

SEK millions	**Commencing the acquisition date, July 18, 2007**	Pro forma as if the acquisition had occurred on January 1, 2007
Sales	**13,317**	21,686
Operating profit before depreciation, EBITDA	**3,021**	6,681
Operating profit, EBIT	**1,970**	4,336
Profit after financial items 2)	**702**	1,590
Effect on earnings per share	**1.41**	3.19

1) Based on IPSCO's accounting up to and including July 17 and, commencing July 18, on the figures which are consolidated in SSAB. The presentation has included neither the non-recurring costs incurred by IPSCO in connection with SSAB's acquisition, the non-recurring write off of surplus values in inventory which has taken place, nor the non-recurring costs for financing. On the other hand, EBIT has been affected by the depreciation on the provisional surplus values identified at the time of the acquisition. In total, these depreciations amount to SEK 528 million, July 18 – September 30, and to SEK 1,183 million pro forma for the full year of 2007. The tax rate has been estimated at 35%. The effect on earnings per share has been calculated based on the outstanding number of shares, i.e. 323.9 million.
2) Financial items include the interest costs on the loans for the acquisition.

Had IPSCO been owned from the beginning of the year, the pro forma earnings per share would have increased by 20%.

The organisational integration of IPSCO is complete and work is ongoing on exploiting identified synergies. Among other things, sheet has begun to be rolled at IPSCO for quenching in Oxelösund. In addition, the Strip Products Division has begun using IPSCO's cutting line in Houston and thereby creating new commercial opportunities.

The Group

Sales during the fourth quarter increased by SEK 7,770 million to SEK 16,086 (8,316) million, while sales for the full year increased by 53% to SEK 47,651 (31,054) million. Of the increase, SEK 13,317 million (43 percentage points) comprised increased sales through the acquisition of IPSCO. Higher prices and an improved mix accounted for 9 percentage points and increased volumes for 1 percentage point of the increase.

Operating profit for the fourth quarter increased by SEK 1,269 million to SEK 2,844 (1,575) million, an increase of 81%. Excluding non-recurring items, profit amounted to SEK 2,794 (1,488) million, of which "old SSAB" contributed SEK 1,703 (1,488) million, while IPSCO contributed SEK 1,091 million.

Operating profit for the full year increased by SEK 2,110 million to SEK 8,061 (5,951) million, an increase of 35%. Excluding non-recurring items, profit was SEK 8,983 (5,787) million, of which "old SSAB" contributed SEK 7,013 (5,787) million and IPSCO contributed SEK 1,970 million.

The profit analysis is set forth in the table below.

Change in operating profit excl. non-recurring items between 2007 and 2006 (SEK millions)	
Steel operations	
- Improved gross margins	+1,460
- Higher volumes, core niche products	+470
IPSCO Division	
- Operating profit after the acquisition	+1,970
(of which write off provisional surplus values –528)	
Tibnor	
- Higher volumes /change in mix and margins	+160
Fixed costs	-625
Affiliated companies	-39
Other	-200
Change in operating profit excl. non-recurring items	+3,196

The fixed costs have been negatively affected by SEK 265 million as regards the skills replacement program, of which SEK 80 million during the fourth quarter. The fixed costs have also been affected by an increased cost level as a consequence of expansion investments in the Swedish steel operations in the amount of SEK 140 million, of which SEK 30 million in the fourth quarter.

Profit includes an effect of SEK +69 million from insurance compensation with respect to the explosion at the oxygen plant in Oxelösund. SSAB has claimed additional compensation and negotiations are ongoing.

Financial items amounted to SEK -1,662 (-2) million. Financial items include non-recurring financing costs of SEK 512 million.

Profit after financial items for the full year increased by SEK 450 million to SEK 6,399 (5,949) million, an increase of 8%. Excluding non-recurring items, profit amounted to SEK 7,833 (5,785) million, of which "old SSAB" contributed SEK 7,131 (5,785) million, while IPSCO contributed SEK 702 million.

Profit after tax amounted to SEK 4,685 (4,341) million. Earnings per share increased to SEK 15.45 (14.66). (Earnings per share have been adjusted due to the bonus issue element in the new issue.)

Non-recurring items

As previously reported, during the third quarter non-recurring write offs on surplus values in inventories affected profit by SEK 1,010 million. As a consequence of exchange rate changes, profit for the full year was negatively affected in the amount of SEK 1,019 million, resulting in a negative item of SEK 9 million during the fourth quarter. The surplus values on inventory were booked at the time of the acquisition of IPSCO, as the inventory was reported at actual value as part of the acquisition analysis. The surplus value has thereafter affected the cost of sold goods as the acquired inventory has been sold. The entire surplus value on IPSCO's inventory was booked as a cost during the third quarter and is included in the item, Costs of sold goods.

During the fourth quarter, financial items were affected by non-recurring costs for the financing of IPSCO in the amount of SEK 140 million. For the full year, these costs were SEK 401 million. The costs consist of fees to the banks that arranged the bridge financing. In addition, there are costs for the redemption of a financial lease in IPSCO in the amount of SEK 111 million. Additional financing costs for the bridge financing of almost SEK 55 million will affect net financial items during the loan term, up to five years.

During the fourth quarter, Tibnor divested an additional number of properties that are not required in the business, generating a capital gain of SEK 59 (87) million, which is included in the item, Other operating revenues and expenses. In total, capital gains for the full year amounted to SEK 97 (87) million.

During the third quarter of 2006, the 25% stake in Cogent Power was sold to Corus, realizing a tax-free capital gain of SEK 77 million. The capital gain is included in the item, Other operating revenues and expenses.

Non-recurring items totaling SEK -201 (87) million are included in the profit after financial items for the fourth quarter, and, for the full year, non-recurring items total SEK -1.434 (164) million.

Non-recurring items

SEK millions	**Q 4 2007**	Q 4 2006	**2007 Full Year**	2006 Full Year
Effect on profit				
Costs, surplus values, inventories	**-9**	-	**-1,019**	-
Capital gain, sale of property companies	**59**	87	**97**	87
Capital gain, sale of Cogent	**-**	-	**-**	77
Effect on operating profit	**50**	87	**-922**	164
Non-recurring costs, financing, IPSCO	**-140**	-	**-401**	-
Redemption of financial lease in IPSCO	**-111**	-	**-111**	-
Effect on profit after financial items	**-201**	87	**-1,434**	164

Return on capital and equity

Return on capital employed before tax was 18 (36)% and return on equity after tax was 22 (29)%.

Equity

In August 2007, a new issue provided the company with SEK 9,962 million in new equity. The proceeds were used to repay debts. As a consequence of the net investment in IPSCO being hedged through an equity hedge and other translation differences being positive, the total exchange rate change in equity amounted to SEK +198 million. Following payment of dividends to shareholders of SEK 1,166 million and with the addition of profit for year of SEK 4,587 million, shareholders' equity in the company at the end of the year amounted to SEK 28,916 (15,335) million, equal to SEK 89.26 (59.18) per share.

Capital expenditures

During the year, decisions were taken on new investments (excluding the investment in IPSCO) totaling SEK 1,661 (2,050) million, of which SEK 572 (1,260) million relates to expansion investments. Of the expansion investments, SEK 84 million consisted of the acquisition of Steinwalls Plåt AB, while new wrapping and packing lines in the Strip Products Division account for SEK 135 million. In IPSCO, no major expansion investment decisions have been taken since the date of the acquisition.

Capital expenditure payments amounted to SEK 2,901 (1,407) million, of which SEK 1,718 (514) million relates to expansion investments and acquisitions, excluding the acquisition of IPSCO.

Financing and liquidity

Cash flow from current operations consists of cash flow after financial items and paid tax, changes in working capital as well as regular maintenance investments. Cash flow for the fourth quarter amounted to SEK 1,091 (810) million and, for the full year, to SEK 3,957 (3,958) million.

Cash flow from current operations

SEK millions	**2007 Q 4**	2006 Q 4	**2007 Full Year**	2006 Full Year
Strip Products Division	**408**	712	**2,541**	2,803
Plate Division	**308**	132	**2,210**	2,147
IPSCO Division	**1,602**	-	**2,674**	-
Tibnor	**456**	228	**510**	511
Other	**105**	179	**80**	153
Operational cash flow	**2,879**	1,251	**8,015**	5,614
Financial items	**-911**	11	**-1,652**	-2
Taxes 1)	**-877**	-452	**-2,406**	-1,654
Cash flow from current operations	**1,091**	810	**3,957**	3,958
Acquisition of companies and businesses 2)	**-**	-	**-50,601**	-
Expansion investments	**-521**	-206	**-1,634**	-514
Sale of companies and businesses 3)	**60**	102	**156**	350
Cash flow before dividends and financing	**630**	706	**-48,122**	3,794
Dividends/Redemption	**-**	-	**-1,166**	-3,023
New issue	**21**	-	**9,962**	-
Assumed net debt, acquired companies	**-98**	-	**-4,978**	-
Currency translation, etc.	**213**	-35	**855**	-188
Change in net debt	**766**	671	**-43,449**	583

1. The difference between the tax expense for the year of SEK -1,714 million and tax according to the operational cash flow, SEK -2,406 million, consists of deferred tax income in the amount of SEK +692 million, which is included in the income statement but not in a cash flow.
2. IPSCO was acquired on July 18, 2007 for SEK 50,516 million excluding assumed liabilities, while Steinwalls Plåt AB was acquired in April 2007 for SEK 85 million.
3, Sold companies and businesses relate to the purchase price of SEK 248 million received for Cogent in 2006 and, in 2006 and 2007, to a number of property companies within Tibnor.
The cash flow presentation differs from a presentation in accordance with IFRS insofar as the cash flow is affected by current tax expenses, i.e. the tax which is to be paid. The difference between this tax and the tax which has actually been paid is thereby regarded as a financial debt/claim. In a presentation in accordance with IFRS, on the other hand, the cash flow from the ongoing operations is affected by the tax actually paid during the year.

Net debt at the end of the quarter was SEK 43,273 (-176) million, equal to a net debt/equity ratio of 148 (-1)%. The net debt/equity ratio directly after the acquisition was 313% and, following the new issue, 171%. At the end of the year, the average term until maturity on the

Group's loans was 3.4 years with a rate of interest of 5.5% and an average fixed interest period of 5.3 months.

Taxes

The year's tax expense was SEK 1,714 (1,608) million and the effective tax rate was 27 (28)%. This low tax rate is explained by a negative tax result in North America (following a charge on surplus values on inventories, depreciation on surplus values and interest costs) as well as tax-exempt capital gains upon the sale of companies.

Business areas

<u>The steel operations jointly</u>

The annual iron ore and coal agreements entailed a price increase in USD of 7% for iron ore and a decrease of 13% for coal. The deliveries were hedged and, consequently, the price of iron ore in Swedish kronor increased by 2%. The iron ore agreements entered into force at the beginning of the year and thus the full impact has largely been felt in costs. As regards coal, the net effect in Swedish kronor was a price reduction of just over 10%. The coal agreements entered into force on April 1 and, due to held inventories, the full impact was not felt until the third quarter, and thus costs for coal during the year were 7% higher than last year.

Scrap metal, which is an important raw material for IPSCO, is regularly purchased on the market through, among other things, IPSCO's own scrap metal collection companies. During the first quarter of 2007, scrap metal prices increased substantially and thereafter stabilized at a higher level than in 2006. IPSCO's costs for scrap metal per tonne of produced steel were approx. 14% higher than in 2006.

The second important input material for IPSCO is electricity, where long-term contracts have been signed, mainly at fixed prices. The electricity contracts extend until 2011, 2016 and 2018.

<u>Strip Products Division</u>

Strip prices were largely unchanged in local currencies as regards the agreements that were re-negotiated pending the fourth quarter. However, due to a seasonally weaker mix, strip prices were, in total, 4% lower than during the preceding quarter. For the full year, prices in Swedish kronor were 12% higher than in 2006.

Sales increased by 4% compared with the fourth quarter of last year and reached SEK 4,210 (4,035) million. In total, sales for the year amounted to SEK 16,918 (15,316) million.

Operating profit for the quarter amounted to SEK 888 (766) million. In total for the year, operating profit was SEK 3,472 (2,799) million.

Deliveries of steel amounted to 600 (624) thousand tons during the quarter and 2,451 (2,474) thousand tons during the year.

Deliveries of advanced high-strength steels during the quarter amounted to 203 (180) thousand tons, which was 13% up on the fourth quarter of last year. The increase in primarily due to the Lifting Equipment, Engineering and Heavy Transports segments in the United States and Asia. In total, deliveries of advanced high-strength steels during the year increased by 17% to 817 (699) thousand tons, constituting 33 (28) % of total strip deliveries. The proportion of ordinary steel products outside the Nordic region has continued to decline, in line with the Strip Products Division's plan to concentrate the ordinary steel business on the Nordic region.

Crude steel production remained at a continued stable and high level during the quarter and amounted to 604 (602) thousand tons. Strip production in the hot-rolling strip mill amounted to 692 (678) thousand tons. In total, crude steel production during the year amounted to 2,304 (2,206) thousand tons and strip production to 2,653 (2,660) thousand tons.

During the year, decisions were taken regarding new capital expenditures totaling SEK 747 (599) million. The largest ongoing investments are SEK 135 million for new wrapping and packing lines in Borlänge and SEK 180 million for new overhead cranes in Luleå.

Plate Division

Prices for quenched steels increased by 2% during the quarter. For the year as a whole, prices of quenched steels in Swedish kronor were 9% up on 2006.

Demand has remained strong and deliveries increased by 11% compared with the final quarter of 2006, and amounted to 146 (132) thousand tons, but continued to be restricted by available production capacity. In total, deliveries of quenched steels during the year amounted to 557 (510) thousand tons, constituting 91 (82) % of total plate deliveries.

Sales increased by 24% compared with the fourth quarter of last year and reached SEK 3,101 (2,503) million. In total for the year, sales were SEK 11,295 (9,941) million.

Operating profit for the fourth quarter improved by SEK 282 million to SEK 802 (520) million, primarily due to higher prices and a higher percentage of quenched steels. In total, operating profits for the year amounted to SEK 2,676 (2,230) million.

Plate production during the quarter amounted to 159 (152) thousand tons. In total for the year, plate production was 557 (586) thousand tons.

Crude steel production during the quarter amounted to 432 (341) thousand tons and, in total for the year, to 1,653 (1,530) thousand tons. Production during the fourth quarter of 2006 was, however, restricted due to the explosion at the oxygen plant in Oxelösund.

During the year, decisions were taken regarding new capital expenditures totaling SEK 350 (1,352) million. The largest ongoing investment relates to SEK 770 million in expansion projects within quenched steels. Among other things, construction involves a quenching line for thick plate in Oxelösund and a distribution centre with cutting to size capacity in China. Implementation is taking place gradually during 2007 – 2009 and will increase quenched steel production capacity to 700 thousand tons. The distribution centre in China was brought into operation in August 2007.

Another major investment is SEK 225 million in increased capacity for after-treatment of crude steel in Oxelösund. The plant is expected to be brought into operation during the first quarter of 2008.

IPSCO Division

IPSCO has been included as a division in SSAB since the acquisition date, July 18, 2007, i.e. during a full fourth quarter and for almost 2.5 months of the third quarter.

End user demand for plate products has been stable at a high level thanks to a strong business cycle within investment goods. Deliveries to distributors and service centers during the fourth quarter were, however, affected generally by scaling down in inventories pending the end of the year. In total, the quarter's deliveries of flat products were somewhat higher than last year.

Demand from the energy market for small diameter pipes has been lower than last year as a consequence of high inventory levels at distributors. However, inventory levels have begun to decline once again.

Demand from other sectors for small dimension pipes was stronger than at the end of last year. To a large extent, demand is driven by the general activity in the industrial economy. Demand for large dimension pipes remains very strong and the order situation is extremely satisfactory thanks to a strong project-driven market. The market for seamless pipes has improved somewhat during the period.

IPSCO's external deliveries of plate during the fourth quarter amounted to 701 (600) thousand tons, an increase of 17% compared with last year. In corresponding manner, deliveries of pipes reached 397 (326) thousand tons, an increase of 22%. However, the entire increase was due to added volumes from NSG, which was acquired in December 2006.

Plate production during the quarter was 835 (762) thousand tons, while pipe production amounted to 398 (257) thousand tons.

IPSCO's sales during the fourth quarter were USD 1,162 million, compared with USD 1,047 million during the entire third quarter of the year.

Operating profit before Group write-off on surplus values and excluding costs associated with the transaction amounted to USD 215 million for the fourth quarter, as compared with USD 205 million for the full third quarter of the year.

Since the acquisition, decisions have been taken regarding new capital expenditures totaling SEK 294 million. Ongoing investments decided upon previously include SEK 750 million for an expansion in seamless pipes and SEK 500 million for an expansion in spiral-welded pipes. The total capital expenditure payments during the quarter amounted to SEK 499 million, of which SEK 378 million relates to expansion investments.

Tibnor

The sales trend during the quarter remained strong on the geographical markets on which Tibnor operates. The rate of deliveries during the quarter remained at a high level and, in total, deliveries during the year were 4% up on last year.

Sales declined by 3% compared with the fourth quarter of last year and amounted to SEK 2,587 (2,677) million. In total, sales during the year amounted to SEK 10,413 (9,202) million.

Operating profit declined by 35% compared with the fourth quarter of last year, to SEK 160 (247) million, primarily due to the fact that price changes on inventories for the quarter amounted to SEK -50 million, as opposed to SEK +27 million last year. In total, operating profit for the year amounted to SEK 877 (776) million.

Events since the end of the year

According to a judgment rendered by the Svea Court of Appeal at the end of January 2008, SSAB has been awarded further insurance compensation of approx. SEK 160 million plus interest and compensation for litigation costs regarding the blast furnace breakdown that occurred at the Strip Products Division's plant in Luleå in 1997. Including accrued interest thus far, the awarded compensation totals approx. SEK 300 million, excluding compensation for litigation costs. Approx. SEK 110 million in insurance compensation has already been paid out previously, apart from the above mentioned compensation, as a result of the breakdown. If the judgment becomes final, this will have a positive impact on SSAB's profit in the amount of approximately SEK 250 million.

Since the end of the year, an agreement has been signed regarding refinancing of an additional USD 750 million of the bridge financing of USD 8,050 million that was arranged in connection with the acquisition of IPSCO. The refinancing results in longer terms until maturity and lower interest expenses. Of the original bridge financing, USD 1,500 million now remains outstanding.

Prospects for 2008

IISI foresees continued strong global demand for steel in 2008. Steel consumption in both Europe and in North America is expected to increase somewhat and the rate of increase in China is expected to remain strong.

The steel operations' volumes of the core niche products, quenched steels and advanced high-strength steels, are expected to continue to increase in 2008. During 2008, additional capacity for quenched steels will be brought into operation and a new coiler will be brought into operation in the hot-rolling strip mill in Borlänge, which will further broaden the product range within the most demanding AHSS products. The market for energy pipes is expected to be strong in 2008.

Based on the agreements that have been reached, the steel operations' prices in local currencies during the first quarter will be marginally higher than during the fourth quarter.

Coal agreements have been signed for approx. 25% of the annual volume. These agreements entail, in principle, unchanged prices in USD and in Swedish kronor. However, the remaining coal agreements are expected to be concluded at significantly higher prices. No new price agreements for iron ore deliveries in 2008 have yet been signed, but the market's assessment is that iron ore prices will increase significantly. The price of scrap metal has been volatile in 2007. Thus far in 2008, the scrap metal price has been higher than at the beginning of 2007.

The coal agreements will impact on earnings from the end of the second quarter, while the iron ore agreements will impact on earnings from the beginning of the year.

Dividend

The Board of Directors will propose to the Annual General Meeting that the dividend be increased to SEK 5.00 (4.50) per share, equal to SEK 1,620 (1,166) million.

Annual General Meeting

The Annual General Meeting will be held on March 28 in Luleå. It is expected that the annual report will be distributed in the middle of March and will be available at the company's head office and on the website, www.ssab.se, as from March 5. (English version will be available about a week later.)

The Nomination Committee proposal

The Nomination Committee proposes that Board members Sverker Martin-Löf (Chairman), Carl Bennet, Anders G Carlberg, Olof Faxander, Marianne Nivert, Anders Nyrén, Matti Sundberg and Lars Westerberg be re-elected. The Nomination Committee's other proposals will be provided in connection with the notice to attend the General Meeting.

Applications to attend the General Meeting may be submitted commencing February 2, 2008 up to and including 12 noon on 25 March 2008. Applications may be made via SSAB's website, by reply card or by telephone on +46 8-45 45 760.

Accounting principles

This quarterly report has been prepared in accordance with IAS 34 and RR31.

The allocation of costs for sold goods as well as selling and administrative expenses have been adjusted during 2007. Last year's figures have been adjusted in order to correspond therewith, entailing that costs for sold goods fell by SEK 504 million for the full year of 2006, while a corresponding increase occurred with respect to selling and administrative expenses. In conjunction with the annual accounts, the reporting of shares in the results of affiliated companies has also been changed so that the result is reported as a one-line item net after tax and the tax item thus no longer contains any tax expense regarding affiliated companies. The adjustment has been made in the comparison figures.

The accounting principles are otherwise unchanged since the annual accounts for 2006 and are based on International Financial Reporting Standards in the form adopted by the EU. Accounting standards and applications introduced during the year have had no impact on the Group's earnings and financial position. The parent company's closing accounts have been prepared in accordance with RR 32:06.

Risks and uncertainty

Since the investment in IPSCO has largely been financed through loans, the effects of interest rate changes may be of great significance for SSAB's financial position and earnings.

With the acquisition of IPSCO, approximately one half of the Group's operating profit will be derived from North America, as a consequence of which the Group's exposure in USD and CAD has increased substantially.

Changes in the price of scrap metal, which is an important raw material for IPSCO, will be of greater importance for SSAB's earnings trend.

Changes in the price of sheet and plate products, as well as pipes, will continue to be the most important factor for SSAB's earnings trend.

For further information regarding material risks and uncertainty factors, reference is made to the detailed description in the 2006 annual report.

Stockholm, February 6, 2008

Olof Faxander
President and CEO

Review

Each year, the auditors review the report for January-June. Accordingly, this interim report has not been subject to review by the auditors.

The report for the first quarter of 2008 will be published on April 23, 2008.

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 earning per share, SEK
Strip/plate prices – steel operations	10	5,160	11.50
Volumes- steel operations	10	1,590	3.55
Iron ore prices	10	335	0.75
Coal and coke prices	10	250	0.55
Scrap metal prices	10	710	1.60
Interest rate	1%-pt	420	0.95
Krona index	5	315	0.70

Production and Deliveries – Swedish Steel Operations

'000 tons	1/05	2/05	3/05	4/05	1/06	2/06	3/06	4/06	1/07	2/07	3/07	4/07
Crude steel production												
- Strip	589	573	563	514	563	554	487	602	580	581	539	604
- Plate	469	483	338	437	461	437	291	341	456	449	316	432
- Total	1,058	1,056	901	951	1,024	991	778	943	1,036	1,030	855	1,036
Steel production												
- Strip	700	629	520	591	710	733	539	678	727	686	548	692
- Plate	174	174	113	171	156	158	120	152	149	146	123	159
- Total	874	803	633	762	866	891	659	830	876	832	671	851
Steel deliveries												
- Strip	620	591	515	585	646	679	525	624	665	656	530	600
- Plate	186	178	138	159	169	162	127	164	165	151	137	156
- Total	806	769	653	744	815	841	652	788	830	807	667	756
of which												
- AHSS 1)	136	143	102	126	170	195	154	180	212	213	189	203
- Quenched steels	122	126	105	118	134	133	111	132	145	137	129	146
- Total core niche products	258	269	207	244	304	328	265	312	357	350	318	349

1) Advanced high-strength steel

Acquisition of IPSCO 1)

SEK millions	Reported value in IPSCO	Fair value adjustment 1)	Fair value reported in the Group
Intangible assets 2)	8,658	6,650	15,308
Tangible fixed assets	8,974	4,988	13,962
Financial fixed assets	826		826
Current assets	10,252	1,020	11,272
Deferred taxes and other provisions	-3,589	-4,430	-8,019
Long-term liabilities	-5,160		-5,160
Current liabilities	-3,879		-3,879
Identifiable net assets	16,082	8,227	24,310
Goodwill			26,206
Paid purchase price 3)			50,516

1) The presentation is still provisional and is based on assumptions in connection with the acquisition. A more detailed analysis of the actual values is underway.
2) Intangible assets include goodwill of SEK 4.2 billion from IPSCO's acquisition of NSG.
3) The total purchase price paid amounted to USD 7,596 million, including directly related costs of USD 40 million.

The table below shows the effects of the acquisition of IPSCO on SSAB's consolidated profit. The table represents a summary of the explanations of the effects of the acquisition that are presented in the running text.

IPSCO's share of profit, 2007 SEK millions	Q 3 IPSCO	Q 3 "old SSAB"	Q 3 Total	Q 4 IPSCO	Q 4 "old SSAB"	Q 4 Total	Full Year IPSCO	Full Year "old SSAB"	Full Year Total
Sales	5,838	7,848	13,686	7,479	8,607	16,086	13,317	34,334	47,651
Profit before depreciation	342	1,604	1,946	1,660	2,027	3,687	2,002	8,105	10,107
Operating profit	-130	1,385	1,255	1,082	1,763	2,844	951	7,110	8,061
Financial items	-763	5	-758	-1,017	96	-921	-1,780	118	-1,662
Profit after financial items	-893	1,390	497	65	1,859	1,923	-829	7,228	6,399
Tax	326	-410	-84	-38	-493	-531	288	-2,002	-1,714
Profit after tax	-567	980	413	26	1,366	1,392	-541	5,226	4,685

In this presentation, IPSCO is incurred with depreciation on surplus values, costs for surplus values on inventories, interest costs on loans for the acquisition, non-recurring financing and taxes thereon. IPSCO is included during 2.5 months for the third quarter.

Consolidated Income Statement

SEK millions	**2007 Q 4**	2006 Q 4	**2007 Full Year**	2006 Full Year
Sales	**16,086**	8,316	**47,651**	31,054
Cost of goods sold 1), 2)	**-12,346**	-6,188	**-36,606**	-23,087
Gross profit	**3,740**	2,128	**11,045**	7,967
Selling and administrative expenses 1)	**-1,140**	-697	**-3,278**	-2,341
Other operating revenues and expenses 2)	**228**	113	**194**	189
Affiliated companies, profit after tax 3)	**16**	31	**100**	136
Operating profit	**2,844**	1,575	**8,061**	5,951
Financial income	**57**	28	**249**	96
Financial expenses	**-978**	-18	**-1,911**	-98
Profit after financial items	**1,923**	1,585	**6,399**	5,949
Tax	**-531**	-413	**-1,714**	-1,608
Profit after tax	**1,392**	1,172	**4,685**	4,341
Of which attributable to:				
- the parent company's shareholders	**1,371**	1,143	**4,587**	4,253
- minority interests	**21**	29	**98**	88
Key ratios				
Return on capital employed before tax (%)	**-**	-	**18**	36
Return on equity after tax (%)	**-**	-	**22**	29
Earnings per share (SEK) 4)	**4.23**	4.04	**15.45**	14.66
Equity per share (SEK)	**89.26**	59.18	**89.26**	59.18
Equity ratio incl. minority (%)	**32**	68	**32**	68
Net debt/equity ratio (%)	**148**	-1	**148**	-1
Average no. of shares during the period (mil.)	**323.9**	283.2	**296.9**	290.2
Number of shares at end of period (mil.) 5)	**323.9**	259.1	**323.9**	259.1
Average number of employees 6)	**-**	-	**10,218**	8,031

1) The principles for allocation of costs for sold goods and selling and administrative expenses have been revised. Figures for the preceding year have been adjusted in order to correspond with this, entailing SEK 121 million for Q4 and SEK 504 million for the full year of 2006.
2) The item includes non-recurring write off on surplus values in inventory of SEK -1,019 million for the full year of 2007. These costs are reported in Other operating expenses in the third quarter, but have now been reclassified as Costs of goods sold.
3) The principles for reporting shares of results of affiliated companies have been revised such that the shares in results are now reported after tax. The share of the tax from affiliated companies was previously reported among tax expenses. Comparison figures in this report have been recalculated.
4) Earnings per share have been adjusted based on the bonus issue element in the new issue.
5) There are no outstanding share instruments and thus no dilution effect is relevant.
6) The average number of employees is reported in accordance with the Swedish Accounting Standards Board's new definition. Figures for the preceding year have been adjusted in order to correspond thereto. Calculated from the date of acquisition, IPSCO has an average of 1937 employees. A rolling annual figure for IPSCO yields an average of 4,226 employees and, for SSAB as a whole, 12,507.

Consolidated Balance Sheet

SEK millions	**Dec. 31 2007**	Dec. 31 2006
Assets		
Goodwill	**30,203**	-
Other intangible assets	**10,445**	10
Tangible fixed assets	**22,818**	7,962
Interests in affiliated companies	**353**	283
Financial fixed assets	**272**	15
Deferred tax claims	**1,025**	70
Total fixed assets	**65,116**	8,340
Inventories	**14,072**	6,951
Accounts receivable	**8,268**	4,926
Current tax claims	**246**	37
Other current interest-bearing receivables	**0**	495
Other current receivables	**1,296**	673
Liquid assets	**1,707**	1,373
Total current assets	**25,589**	14,455
Total assets	**90,705**	22,795
Equity and liabilities		
Shareholders' equity in the company	**28,916**	15,335
Minority shares	**229**	216
Total equity	**29,145**	15,551
Deferred tax liabilities	**8,514**	1,302
Other long-term provisions	**473**	154
Long-term interest-bearing liabilities	**39,825**	850
Total long-term liabilities	**48,812**	2,306
Current interest-bearing liabilities	**4,998**	306
Current tax liabilities	**40**	448
Accounts payable	**4,740**	2,362
Other current liabilities	**2,970**	1,822
Total current liabilities	**12,748**	4,938
Total equity and liabilities	**90,705**	22,795

The Group's Changes in Equity

SEK millions	Share capital	Other contrib-uted funds	Translation reserves	Retained earnings	Total	Minority	Total equity
Equity, Dec. 31, 2005	2,273	560	30	11,321	14,184	180	14,364
Changes Jan 1 – Dec. 31, 2006							
Recalculation difference			-79		-79	-1	-80
Result for the period				4,253	4,253	88	4,341
Redemption of shares	-114			-2,091	-2,205		-2,205
Bonus issue	121	-7		-114	0		0
Dividends				-818	-818	-51	-869
Equity, Dec. 31, 2006	2,280	553	-49	12,551	15,335	216	15,551
Changes Jan 1 – Dec. 31, 2007							
Recalculation difference			198		198	2	200
Result for the period				4,587	4,587	98	4,685
New issue 1)	571	9,391		0	9,962		9,962
Dividends				-1,166	-1166	-87	-1,253
Equity, Dec. 31 2007	**2,851**	**9,944**	**149**	**15,972**	**28,916**	**229**	**29,145**

1) A new issue in August 2007 resulted in 64.8 million new shares and increased the share capital by SEK 571 million. After deduction of issuance costs of SEK 80 million, the premium in the new issue increased other contributed funds by SEK 9,391 million. After the new issue, there are thus 323,934,775 shares, with a quotient value of SEK 8.80.

Cash Flow

SEK millions	**2007 Q 4**	2006 Q 4	**2007 Full Year**	2006 Full Year
Cash flow from ongoing operations	**2,134**	1,546	**5,396**	5,100
Change in working capital	**-460**	-377	**-715**	-265
Cash flow from ongoing operations	**1,674**	1,169	**4,681**	4,835
Investing activities	**-970**	-360	**-57,516**	-1,359
Sold companies and businesses 1)	**156**	102	**156**	350
Cash flow from investing activities	**-814**	-258	**-57,360**	-1,009
Dividend/redemption to shareholders	**0**	0	**-1,166**	-3,023
New issue	**21**	0	**9,962**	0
Other financing activities	**-230**	-541	**44,217**	-314
Cash flow from financing activities	**-209**	-541	**53,013**	-3,337
Change in liquid assets	**651**	370	**334**	489

1) 'Sold companies and businesses relate to the 2006 purchase price for Cogent as well as two property companies in Tibnor. Sold companies in 2007 relate to small property companies from Tibnor.
2) The investing activities include the purchase price for IPSCO of SEK 50,516 million and for Steinwalls of SEK 85 million and also payment of redeemed loans in conjunction with the acquisitions, net of deductions for the acquired companies' cash and bank balances at the time of the acquisition of SEK 4,173 million.

The Divisions'/Subsidiaries' Sales, Profit/Loss and Return on Capital Employed

	Sales		Operating profit		Return on capital employed (%) 4)	
SEK millions	**2007 Full Year**	2006 Full Year	**2007 Full Year**	2006 Full Year	**2007 Full Year**	2006 Full Year
Strip Products Division	**16,918**	15,316	**3,472**	2,799	**44**	34
Plate Division	**11,295**	9,941	**2,676**	2,230	**41**	40
IPSCO Division 1)	**13,317**	-	**1,970**	-	**8 (20)**	-
Tibnor	**10,413**	9,202	**877**	776	**46**	50
Other subsidiaries 2)	**2,639**	2,431	**126**	177	**-**	-
Parent company:						
Parent company	**-**	-	**-128**	-109	**-**	-
Affiliated companies	**-**	-	**87**	102	**-**	-
IPSCO's surplus value, inventory 3)	**-**	-	**-1,019**	-	**-**	-
Other Group adjustments	**-6,931**	-5,836	**0**	-24	**-**	-
Total	**47,651**	31,054	**8,061**	5,951	**18**	36

1) IPSCO's operating profit has been affected by SEK 528 million in depreciations on provisionally allocated surplus values on intangible and tangible fixed assets.
2) "Other subsidiaries" also includes Plannja.
3) The surplus value of IPSCO's inventory at the time of the acquisition amounted to SEK 1,010 million; this has been dissolved in its entirety and affected the result during the third quarter. Exchange rate changes have, however, meant that the result was affected by an additional SEK 9 million during the fourth quarter.
4) IPSCO's return on capital employed has been calculated by converting the outcome for the holding period of 5.5 months to an annual figure and comparing this with capital employed during July-December. The return on capital employed for IPSCO without surplus values from the acquisition is shown in brackets. The return on capital is otherwise calculated on a result for the most recent twelve months in relation to the average capital employed for the most recent twelve months.

Profit per Quarter for Operations

SEK millions	1/05	2/05	3/05	4/05	1/06	2/06	3/06	4/06	1/07	2/07	3/07	4/07
Sales	7,060	7,444	6,294	7,006	7,622	8,096	7,020	8,316	8,780	9,099	13,686	16,086
Operating expenses	-5,047	-5,505	-5,131	-5,530	-5,895	-6,169	-5,697	-6,515	-6,420	-7,043	-11,766	-12,415
Depreciation	-237	-236	-239	-239	-232	-235	-239	-257	-253	-259	-691	-843
Affiliated companies	28	51	18	-20	44	30	31	31	29	36	19	16
Financial items	-12	-17	-15	-20	1	-5	-8	10	2	15	-758	-921
Profit after financial items	1,792	1,737	927	1,197	1,540	1,717	1,107	1,585	2,138	1,848	490	1,923

Operating Profit per Quarter and Division/Subsidiary

SEK millions	1/05	2/05	3/05	4/05	1/06	2/06	3/06	4/06	1/07	2/07	3/07	4/07
Strip Product Division	1,196	1,005	483	496	650	832	551	766	1,023	879	682	888
Plate Division	478	577	294	642	752	656	302	521	782	593	499	802
IPSCO Division											880	1,090
Tibnor	165	137	69	55	141	186	202	247	267	291	159	160
Surplus value inventory											-1,010	-9
Other incl. parent co.	-40	35	96	24	-4	49	59	41	64	70	38	-87
Operating Profit	1,799	1,754	942	1,217	1,539	1,723	1,114	1,575	2,136	1,833	1,248	2,844

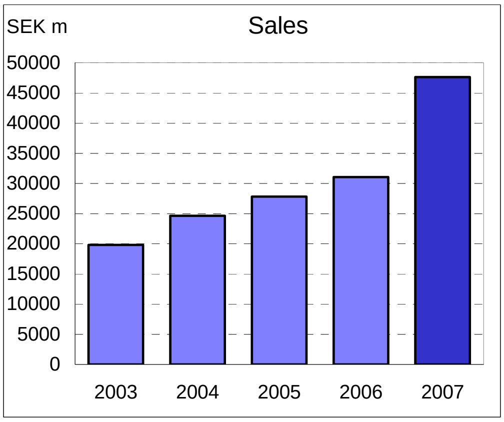
Parent Company's Profit/Loss

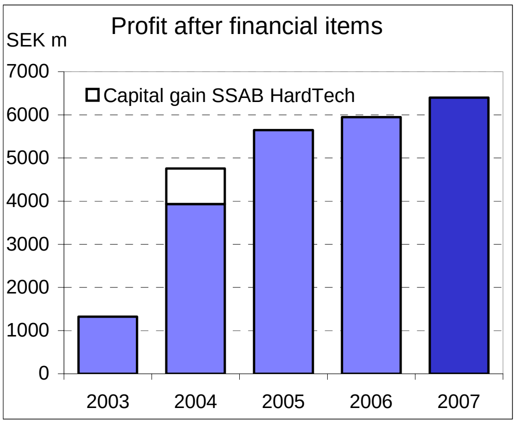
SEK millions	**2007 Q 4**	2006 Q 4	**2007 Full Year**	2006 Full Year
Gross profit	**0**	0	**0**	0
Administrative expenses	**-62**	-26	**-167**	-111
Other operating revenue	**0**	0	**39**	2
Operating profit/loss	**-62**	-26	**-128**	-109
Dividends from subsidiaries	**4,109**	3,470	**4,615**	6,665
Financial items	**78**	36	**54**	153
Profit after financial items	**4,125**	3,480	**4,541**	6,709
Appropriations	**-13**	0	**-13**	0
Tax	**2**	6	**43**	3
Profit after tax	**4,114**	3,486	**4,571**	6,712

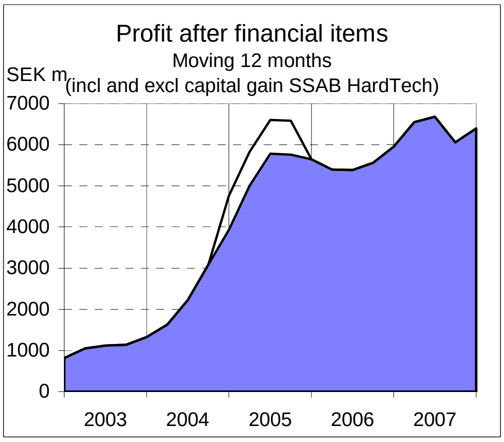
Parent Company's Balance Sheet

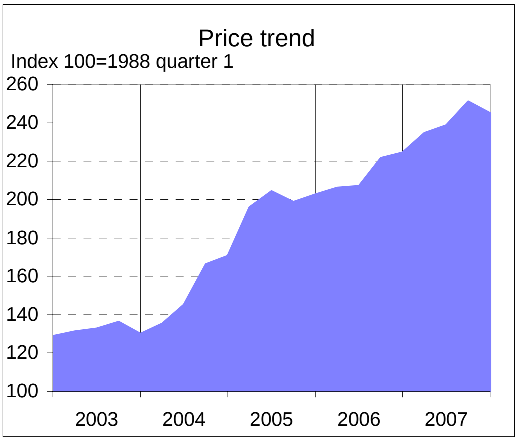
SEK millions	**Dec. 31 2007**	Dec. 31 2006
Assets		
Tangible fixed assets	**8**	1
Financial fixed assets	**12,488**	2,307
Long-term receivables from subsidiaries	**31,710**	-
Deferred tax claims	**1**	1
Total fixed assets	**44,207**	2,309
Current receivables from subsidiaries	**13,238**	8,854
Other current interest-bearing receivables	**-**	495
Other current receivables	**179**	181
Liquid assets	**1,470**	974
Total current assets	**14,887**	10,504
Total assets	**59,094**	12,813
Equity and liabilities		
Share capital	**2,851**	2,280
Statutory reserve	**902**	902
Retained earnings	**15,767**	458
Profit for the year	**4,571**	6,712
Total equity	**24,091**	10,352
Untaxed reserves	**13**	-
Total untaxed reserves	**13**	-
Pensions provisions	**6**	6
Liabilities to subsidiaries	**1**	1
Long-term interest-bearing liabilities	**28,285**	800
Total long-term interest-bearing liabilities	**28,292**	807
Current liabilities to subsidiaries	**1,321**	1,216
Current interest-bearing liabilities	**4,870**	275
Current tax liabilities	**10**	1
Accounts payable	**25**	4
Other current liabilities	**472**	158
Total current liabilities	**6,698**	1,654
Total equity and liabilities	**59,094**	12,813

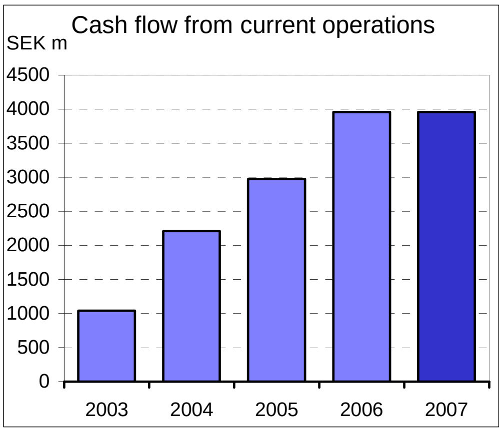
Reported profit after tax of SEK 4,571 million, of which SEK 4,615 million is of dividends from subsidiaries. The financial items include non-recurring costs for the acquisition of IPSCO in the amount of SEK 359 million. In April, dividends were paid out to the shareholders in the amount of SEK 1,166 million (SEK 4.50/share). On July 18, IPSCO was acquired, entailing that as per December 31 the parent company had SEK 41,850 million in shares and claims on the wholly owned holding companies, which carried out the acquisition.

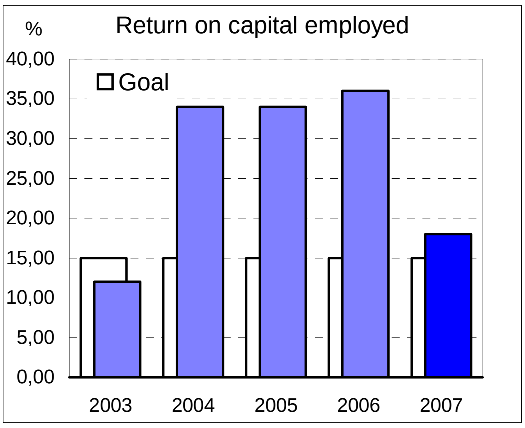

Sales
SEK m
50000
45000
40000
35000
30000
25000
20000
15000
10000
5000
0
2003
2004
2005
2006
2007


Profit after financial items
SEK m
Capital gain SSAB HardTech
7000
6000
5000
4000
3000
2000
1000
0
2003
2004
2005
2006
2007


Profit after financial items
Moving 12 months
SEK m
(incl and excl capital gain SSAB HardTech)
7000
6000
5000
4000
3000
2000
1000
0
2003
2004
2005
2006
2007


Price trend
Index 100=1988 quarter 1
260
240
220
200
180
160
140
120
100
2003
2004
2005
2006
2007


Cash flow from current operations
SEK m
4500
4000
3500
3000
2500
2000
1500
1000
500
0
2003
2004
2005
2006
2007


Return on capital employed
%
Goal
40,00
35,00
30,00
25,00
20,00
15,00
10,00
5,00
0,00
2003
2004
2005
2006
2007