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NON-CONFIDENTIAL VERSION

Australian Government
Anti-Dumping Commission

Exporter Questionnaire

SSAB

Product	Quenched and Tempered steel plate (Q&T steel plate)
From	Finland, Japan and Sweden
Period of Investigation	1 January 2013 to 31 December 2013
Response due by	14 February 2014
	Extended to 7 March 2014
Investigation case manager	Matthew Williams
Phone	+613 9244 8229
Fax	+613 9244 8902
E-mail	operations3@adcommission.gov.au
Anti-Dumping Commission website	www.adcommission.gov.au
Return completed questionnaire to	Anti-Dumping Commission 1010 La Trobe St Docklands VIC 3008 Australia Attention: Director Operations 3

GOODS UNDER CONSIDERATION

The goods under consideration (the goods) i.e. the goods exported to Australia, allegedly at dumped prices and/or in receipt of subsidies, are:

> *"Flat rolled products of alloyed steel plate commonly referred to as Quenched and Tempered ("Q&T") steel plate (although some Q&T grades may not be tempered), not in coils, not further worked than hot rolled, of widths from 600mm up to and including 3,200mm, thickness between 4.5-110mm (inclusive), and length up to and including 14 metres, presented in any surface condition including but not limited to mill finished, shot blasted, primed (painted) or un-primed (unpainted), lacquered, also presented in any edge condition including but not limited to mill edge, sheared or profiled cut (i.e. by Oxy, Plasma, Laser, etc.), with or without any other minor processing (e.g. drilling).*
>
> *Goods of stainless steel, silicon-electrical steel and high-speed steel, are excluded from the goods covered".*

<u>Additional product information:</u>

In support of the goods description, the application stated that Q&T steel plate comprises grades with typical mechanical properties as follows:

- *"High Hardness/Abrasion resistant Q&T steel plate (more commonly referred to as 'Wear' Grade Q&T steel plate) of Brinell hardness (HBW – 10/3000) range 320-640 or equivalent Rockwell C hardness range 34 – 59 or equivalent Vickers hardness range 230-670;*
- *High Strength Q&T steel plate (commonly referred to as 'Structural/High Tensile' Grade Q&T steel plate) of 0.2% Proof Stress of 475-890 MPa (min); and*
- *High Hardness/Impact resistant Armour Grades (more commonly referred to as 'Armour' Grade Q&T steel plate) of hardness up to 640 Brinell (HBW – 10/3000)".*

To clarify the goods description the applicant stated that Q&T steel plate has chemical compositions up to:

- *Carbon Max – 0.5%;*
- *Manganese Max – 2.5%;*
- *Silicon Max – 0.65%;*
- *Sulphur Max – 0.04%;*
- *Phosphorous Max – 0.04%;*

- *Nickel Max – 3.0%;*
- *Chromium Max – 3.0%;*
- *Molybdenum Max – 2.0%;*
- *Vanadium Max – 0.2%;*
- *Boron Max – 0.01%;*
- *Aluminium Max – 0.1%;*
- *Titanium Max – 0.1%;*
- *Copper Max – 0.5%;*
- *Niobium Max – 0.1%;*

The percentage of the above individual alloying elements may vary in accordance with each manufacturer's grade specifications and not all elements may be utilized in all Q&T steel plate grades. Additional other quantities of trace elements up to a max 0.1% each may also be utilized or found (as trace elements) in Q&T steel plate.

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SECTION A
COMPANY STRUCTURE AND OPERATIONS

This section requests information relating to company details and financial reports.

A-1 Identity and communication

Please nominate a person within your company who can be contacted for the purposes of this investigation:

Head Office - SSAB EMEA AB	
Name:	Ms. Pernilla Janze
Position in the company:	CFO
Visiting address:	Klarabergsviadukten 70 D6Stockholm Sweden
Legal address of company:	SE-61380 Oxelösund Sweden
Telephone	+46 8 4545700
Facsimile number	+46 8 4545725
E-mail address:	pernilla.janze@ssab.com

Factory - SSAB EMEA AB Oxelösund	
Name:	Ms. Ulla Granlund
Position in the company:	Director Finance & Accounting
Address:	SE-61380 Oxelösund Sweden
Telephone	+46 155 254000
Facsimile number	+46 155 254306
E-mail address:	ulla.granlund@ssab.com

A-2 Representative of the company for the purpose of investigation

If you wish to appoint a representative to assist you in this investigation, provide the following details:

Name:	**Daniel Moulis**
Position:	**Principal, Moulis Legal**
Address:	**6/2 Brindabella Circuit Brindabella Business Park Canberra International Airport Australian Capital Territory Australia 2609**
Telephone	**+61 2 6163 1000**
Facsimile number	**+62 2 6162 0606**
E-mail address:	**daniel.moulis@moulislegal.com**
All communications in relation to this matter should be directed to Moulis Legal in the first instance.	

Note that in nominating a representative, the Commission will assume that confidential material relating to your company in this investigation may be freely released to, or discussed with, that representative.

A-3 Company information

1. What is the legal name of your business? What kind of entity is it (e.g. company, partnership, sole trader)? Please provide details of any other business names that you use to export and/or sell goods.

> **The legal name of the business is SSAB EMEA AB ("SSAB EMEA"). SSAB EMEA is a limited liability company.**

2. Who are the owners and/or principal shareholders? Provide details of shareholding percentages for joint owners and/or principal shareholders (list all shareholders able to cast, or control the casting of, 5% or more of the maximum amount of votes that could be cast at a general meeting of your company).

> **SSAB EMEA is 100% owned by SSAB AB.**

3. If your company is a subsidiary of another company, list the principal shareholders of that company.

> **The principal shareholders of SSAB AB (listed on the NASDAQ OMX Stockholm) as stated in the 2012 Annual Report for the SSAB Group are:**
>
> - **Industrivärden AB – 22.6% of voting rights**
> - **Swedbank Robur Funds – 5.7% of voting rights; and**
> - **LKAB AB – 5.0% of voting rights.**

4. If your parent company is a subsidiary of another company, list the principal shareholders of that company.

> **Not applicable. SSAB AB is not a subsidiary of another company.**

5. Provide a diagram showing all associated or affiliated companies and your company's place within that corporate structure.

> **Please refer to the Attachment 1 setting out SSAB's legal and operational structure. [CONFIDENTIAL ATTACHMENT]**

6. Are any management fees/corporate allocations charged to your company by your parent or related company?

> **[CONFIDENTIAL TEXT DELETED – inter-company matters]**

7. Describe the nature of your company's business. Explain whether you are a producer or manufacturer, distributor, trading company, etc.

> **SSAB EMEA is a manufacturer and distributor of quenched and tempered plate and other advanced high strength steel.**
>
> **SSAB EMEA produces crude steel in its steel works at Luleå and Oxelösund. The facility at Oxelösund processes steel slabs into heavy plate; a facility at Borlänge produces strip products from the steel slabs that are then manufactured at Luleå.**
>
> **SSAB conducts wide-ranging research at several business sites to ensure its place at the forefront of the cutting edge of advancements of steel production technology and techniques.**

8. If your business does not perform all of the following functions in relation to the goods under consideration, then please provide names and addresses of the companies which perform each function:

   - produce or manufacture
   - sell in the domestic market
   - export to Australia
   - export to countries other than Australia

> **SSAB EMEA performs all of the functions listed above.**

9. Provide your company's internal organisation chart. Describe the functions performed by each group within the organisation.

> **Please refer to the Attachment comprising SSAB EMEA's organization chart.**

[CONFIDENTIAL ATTACHMENT]

The functions that are performed by each group within the organization are as follows:

- Business Area EMEA - [CONFIDENTIAL TEXT DELETED – internal corporate functions]
- [CONFIDENTIAL TEXT DELETED – internal company organization and corporate functions]
- Finance & IT – [CONFIDENTIAL TEXT DELETED – internal corporate functions]
- Human Resources – provides human resources services.
- Supply Chain & Sourcing – [CONFIDENTIAL TEXT DELETED – internal corporate functions]
- Production, Luleå & Borlänge –steel production in Luleå and the strip mill production in Borlänge, Sweden.
- Production Oxleösund –steel mill and Q&T plant in Oxelösund.
- [CONFIDENTIAL TEXT DELETED – internal company organization and corporate functions]
- Marketing & VAS – manages marketing of SSAB EMEA and its products as well as Value Added Services (VAS) [CONFIDENTIAL TEXT DELETED – internal corporate functions].
- Sales – [CONFIDENTIAL TEXT DELETED – internal corporate functions]
- Product Development – manages the research and development of existing and new steel products within SSAB EMEA.

10. Provide a copy of your most recent annual report together with any relevant brochures or pamphlets on your business activities.

The SSAB Group does publish an annual report.

Please refer to the Attachment comprising the SSAB Group Annual Report 2012.

A-4 General accounting/administration information

1. Indicate your accounting period.

SSAB EMEA's accounting period is 1 January – 31 December.

2. Indicate the address where the company's financial records are held.

SSAB EMEA is situated in Oxelösund, Borlänge and Luleå. Financial records are maintained at each site. All relevant records are accessible from Oxelösund,

3. Please provide the following financial documents for the two most recently completed financial years plus all subsequent monthly, quarterly or half yearly statements:

- chart of accounts;

Please refer to the Attachment comprising the SSAB EMEA AB chart of accounts. [CONFIDENTIAL ATTACHMENT]

- audited consolidated and unconsolidated financial statements (including all footnotes and the auditor's opinion);

Please refer to:

- **the Attachment comprising the SSAB EMEA AB Audited Report 2012 [CONFIDENTIAL ATTACHMENT]; and**
- **the Attachment comprising the EMEA Accounting System Income Statement 2013 [CONFIDENTIAL ATTACHMENT].**

An audited report is yet to be published for 2013.

- internal financial statements, income statements (profit and loss reports), or management accounts, that are prepared and maintained in the normal course of business for the goods under consideration.

These documents should relate to:

- the division or section/s of your business responsible for the production and sale of the goods under consideration, and
- the company.

SSAB EMEA has two divisions – steel strip and steel plate.

Please refer to the Attachment "Operating income statement EMEA 2013" divided into plate and strip. [CONFIDENTIAL ATTACHMENT]

4. If you are not required to have the accounts audited, provide the unaudited financial statements for the two most recently completed financial years, together with your taxation returns. Any subsequent monthly, quarterly or half yearly statements should also be provided.

SSAB EMEA is required to have its accounts audited.

5. Do your accounting practices differ in any way from the generally accepted accounting principles in your country? If so, provide details.

Not applicable. SSAB EMEA's accounting practices do not differ in any way from the generally accepted accounting principles of Sweden.

6. Describe:

   The significant accounting policies that govern your system of accounting, in particular:

   - the method of valuation for raw material, work-in-process, and finished goods inventories (e.g. last in first out (LIFO), first in first out (FIFO), weighted average);

The FIFO method

The acquisition value is calculated by applying the first-in, first-out method (FIFO). The same method shall be used for all goods of a similar nature and use. The FIFO method entails that an assumption is made that goods which are purchased or produced first are also sold first, so that the units remaining in stock at the end of the period are those purchased or produced latest. When calculating the acquisition value, a weighted average value is normally used to approximate FIFO.

Inventory

Goods in stock are valued at the lower of the acquisition value and the net realizable value. Inventories shall be disclosed as:

- **raw materials, consumables and semi-finished goods;**
- **work in progress; and**
- **stocks of finished goods.**

Acquisition value

The acquisition value for inventories includes all costs for purchasing, production, as well as other costs in order to bring the goods to their relevant location and condition.

Purchasing costs

The purchasing costs for goods in stock include [CONFIDENTIAL TEXT DELETED – internal accounting policy re cost reporting].

Production costs

The production cost for inventories include [CONFIDENTIAL TEXT DELETED – internal accounting policy re cost reporting].

Fixed overhead which relates to production comprises such indirect production costs as are relatively unaffected by variations in production volume [CONFIDENTIAL TEXT DELETED – internal accounting policy re cost reporting]. Variable overhead includes such indirect costs as vary directly, or almost directly, based on the production volume [CONFIDENTIAL TEXT DELETED – internal

accounting policy re cost reporting].

[CONFIDENTIAL TEXT DELETED – internal accounting policy re cost allocation]

If the production process has a consequence that several products are produced simultaneously (by-products), the costs are allocated in a logical and consistent manner.

Costs which are not included in the acquisition value

Presented below are examples of costs which are not included in the acquisition value for inventories and which, instead, are recognized as costs directly in the income statement in the period in which they are incurred:

[CONFIDENTIAL TEXT DELETED – internal accounting policy re cost reporting]

Net realizable value

Sometimes, the reported value for inventories must be adjusted to the net realizable value, which is line with the approach that assets shall not be reported at a value which exceeds that which is expected to be received upon sale or future use. This may, for example, be due to the fact that the goods have been damaged, become too old or the sales price has fallen. [CONFIDENTIAL TEXT DELETED – internal accounting policy re value reporting]

Calculation of the net realizable value (i.e. the amount which is expected to be received) is conducted based on the information available at the time of the estimation. The net realizable value is normally calculated [CONFIDENTIAL TEXT DELETED – basis of internal accounting calculation]. With respect to raw materials and products in the trading operations, the replacement cost is used as the best gauge of the net realizable value.

[CONFIDENTIAL TEXT DELETED – internal accounting policy re costing and write-downs]

The net realizable value of inventories is reviewed continually. [CONFIDENTIAL TEXT DELETED – internal accounting policy re values]

Recognition as an expense

When goods in stock are sold, the reported value therefore is recognized as an expense in the income statement (Cost of Goods Sold) as a change in inventories. The expense shall be recognized in the same period as the related revenue.

Adjustment of inventories to the net realizable value and losses on inventories are reported [CONFIDENTIAL TEXT DELETED – internal accounting policy re cost reporting]

Deductions for obsolescence

In conjunction with the valuation of inventory, consideration is given to any obsolescence, because the inventory is valued in accordance with the lower of cost or net realizable value. The main principle is that inventory shall be valued in accordance with the lower of cost or net realizable value; [CONFIDENTIAL TEXT DELETED – internal accounting policy re obsolescence]

- costing methods, including the method (e.g. by tonnes, units, revenue, direct costs etc.) of allocating costs shared with other goods or processes (such as front office cost, infrastructure cost etc.);

Please refer to Section G for details of SSAB EMEA's cost accounting policies.

- valuation methods for damaged or sub-standard goods generated at the various stages of production

Scrap and by –products are either reintegrated into the production process or sold.

Where by-products are sold, they are valued in accordance with the price at which they are sold. This is a market price, that is determined through negotiation with the customer.

The details of the valuation of scrap are discussed in response to the question regarding scrap below.

- valuation methods for scrap, by products, or joint products;

Inventory valuation internal scrap

Internal scrap is generated in the production processes. The internal scrap is recycled in the processes [CONFIDENTIAL TEXT DELETED – manner of scrap valuation] according to the FIFO principle.

[CONFIDENTIAL TEXT DELETED – manner of scrap valuation]

Internal scrap that is generated in the process and that we then sell externally is valued to last known net selling price. This principle is valid for mainly the [CONFIDENTIAL TEXT DELETED – identification of scrap products].

[CONFIDENTIAL TEXT DELETED – manner of scrap valuation]

Inventory valuation other by-products

By-products (for example [CONFIDENTIAL TEXT DELETED – identification of scrap products]) are valued to last known net selling price.

In Oxelösund the net selling price equals [CONFIDENTIAL TEXT DELETED – manner of scrap valuation]

- valuation and revaluation methods for fixed assets;

Tangible assets

A tangible asset is a physical asset which is held for production or distribution of goods or services, for leasing to others, or for administrative purposes and which is expected to be used during more than one period.

The cost of an item of property, plant and equipment shall be recognized as an asset [CONFIDENTIAL TEXT DELETED – internal accounting policy re cost reporting]

Acquisition value of tangible assets

The acquisition value of a tangible asset comprises the purchase price, [CONFIDENTIAL TEXT DELETED – internal accounting policy re costs taken up in value]

- average useful life for each class of production equipment and depreciation method and rate used for each;

Depreciation periods

Tangible assets are reported at acquisition value less deductions for accumulated depreciation and any accumulated impairment. Depreciation is based on the acquisition value of the assets and the estimated useful life. If components are involved in conjunction with major investments, an assessment must always be made whether the useful life of the component differs from that of the total plant/asset.

[CONFIDENTIAL TEXT DELETED – internal accounting policies re depreciation]

Examples of items estimated use years are as follows:

[CONFIDENTIAL TEXT DELETED – internal accounting policies re depreciation]The useful life of the assets is assessed annually and is adjusted where required. [CONFIDENTIAL TEXT DELETED – internal accounting policies re depreciation]

- treatment of foreign exchange gains and losses arising from transactions;

The Company's functional currency and reporting currency, SEK, is used in the annual report.

Transactions in foreign currency are reported at the exchange rate prevailing on the transaction date. [CONFIDENTIAL TEXT DELETED – internal accounting policies re currency conversion]

[CONFIDENTIAL TEXT DELETED – internal accounting policies re currency conversion], receivables and liabilities in foreign currency are translated in accordance with [CONFIDENTIAL TEXT DELETED – internal accounting policies re currency conversion].

Exchange rate differences relating to the business are reported [CONFIDENTIAL TEXT DELETED – internal accounting policies re currency conversion] differences attributable to financial assets and liabilities are reported [CONFIDENTIAL TEXT DELETED – internal accounting policies re currency conversion].

- treatment of foreign exchange gains/losses arising from the translation of balance sheet items;

[CONFIDENTIAL TEXT DELETED – internal accounting policies re currency conversion], receivables and liabilities in foreign currency are translated in accordance with [CONFIDENTIAL TEXT DELETED – internal accounting policies re currency conversion]. Exchange rate differences relating to the business are

reported [CONFIDENTIAL TEXT DELETED – internal accounting policies re currency conversion] differences attributable to financial assets and liabilities are reported [CONFIDENTIAL TEXT DELETED – internal accounting policies re currency conversion].

- inclusion of general expenses and/or interest;

COGS

Direct costs in the steel operations which are included in the costs of goods sold are [CONFIDENTIAL TEXT DELETED – internal accounting policies re cost recording]

Variable production costs are costs which change with production volume and thus fixed production costs are not as dependent on production volume.

Examples of variable costs of production within the steel operations include:

[CONFIDENTIAL TEXT DELETED – internal accounting policies re cost recording]

Examples of *fixed costs* of production include;

[CONFIDENTIAL TEXT DELETED – internal accounting policies re cost recording]

Selling expenses

Selling expenses includes the market unit's costs, including [CONFIDENTIAL TEXT DELETED – internal accounting policies re cost recording].

Examples of variable selling expenses include:

[CONFIDENTIAL TEXT DELETED – internal accounting policies re cost recording]Examples of fixed selling costs for the defined market units above include:

[CONFIDENTIAL TEXT DELETED – internal accounting policies re cost recording]

Administrative expenses

Administrative expenses include costs for the [CONFIDENTIAL TEXT DELETED – internal accounting policies re cost recording].

Administrative expenses are only to be considered as fixed costs. Examples of fixed administrative expenses include:

[CONFIDENTIAL TEXT DELETED – internal accounting policies re cost recording]

Other operating income

Examples of other operating income include:

[CONFIDENTIAL TEXT DELETED – internal accounting policies re cost recording]

Other operating expenses

Examples of other operating expenses include:

[CONFIDENTIAL TEXT DELETED – internal accounting policies re cost recording]

Financial items

Examples of financial items:

[CONFIDENTIAL TEXT DELETED – internal accounting policies re cost recording]

- provisions for bad or doubtful debts;

[CONFIDENTIAL TEXT DELETED – disclosure re bad or doubtful debts]

- expenses for idle equipment and/or plant shut-downs;

[CONFIDENTIAL TEXT DELETED – disclosure re plant closure/shut down]

- costs of plant closure;

[CONFIDENTIAL TEXT DELETED – disclosure re plant closure/shut down]

- restructuring costs;

[CONFIDENTIAL TEXT DELETED – disclosure re restructuring costs]

- by-products and scrap materials resulting from your company's production process; and

The majority of scrap produced is used internally within SSAB EMEA. It is valued [CONFIDENTIAL TEXT DELETED – manner of scrap valuation]

By-products, [CONFIDENTIAL TEXT DELETED – manner of scrap valuation], are sold to third parties and are valued [CONFIDENTIAL TEXT DELETED – manner of scrap valuation].

- effects of inflation on financial statement information.

There were no significant increases in inflation during the period of investigation. Price increases are, by their nature, accounted for in SSAB EMEA's cost accounting process.

7. In the event that any of the accounting methods used by your company have changed over the last two years provide an explanation of the changes, the date of change, and the reasons for it.

Not applicable. There were no changes to SSAB EMEA's accounting methods.

A-5 Income statement

Please fill in the following table. It requires information concerning all products produced and for the goods under consideration (*'goods under consideration'* (the goods) is defined in the Glossary of Terms in the appendix to this form). You should explain how costs have been allocated.

	Most recent completed financial year (specify)		**Investigation period**	
	All products	**Goods Under Consideration**	**All products**	**Goods Under Consideration**
Gross Sales (1)				
Sales returns, rebates and discounts (2)				
Net Sales (3=1-2)				
Raw materials (4)				
Direct Labour (5)				
Depreciation (6)				
Manufacturing overheads (7)				
Other operating expenses (8)				
Total cost to make (9=4+5+6+7+8)				
OPERATING INCOME (10=3-9)				
Selling expenses (11)				
Administrative & general expenses (12)				
Financial expenses (13)				
SG&A expenses (14)=(11+12=13)				
INCOME FROM NORMAL ACTIVITIES (15)=(10-14)				
Interest income (16)				
Interest expense (enter as negative) (17)				
Extraordinary gains and Losses – enter losses as negative (18)				
Abnormal gains and losses – enter losses as negative (19)				
PROFIT BEFORE TAX (20)=(15+16+17+18+19)				
Tax (21)				

NET PROFIT (22)=(20-21)				

Note: if your financial information does not permit you to present information in accordance with this table please present the information in a form that closely matches the table.

Prepare this information on a spreadsheet named "**Income statement**".

Please refer to the Attachment comprising the income statement. [CONFIDENTIAL ATTACHMENT]

This information will be used to verify the completeness of cost data that you provide in Section G. If, because of your company's structure, the allocations would not be helpful in this process, please explain why this is the case.

A-6 Sales

State your company's net turnover (after returns and all discounts), and free of duties and taxes. Use the currency in which your accounts are kept, in the following format:

	Most recent completed financial year (specify)		**Investigation period**	
	Volume	**Value**	**Volume**	**Value**
Total company turnover (**all products**)				
Domestic market				
Exports to Australia				
Exports to Other Countries				
Turnover of the nearest business unit, for which financial statements are prepared, which includes the goods under consideration				
Domestic market				
Exports to Australia				
Exports to Other Countries				
Turnover of the **goods under consideration**				
Domestic market				
Exports to Australia				
Exports to Other Countries				

Prepare this information in a spreadsheet named "**TURNOVER**".

Please refer to the Attachment comprising the turnover spreadsheet. [CONFIDENTIAL ATTACHMENT]

This information will be used to verify the cost allocations to the goods under consideration in Section G.

Also, you should be prepared to demonstrate that sales data shown for the goods is a complete record by linking total sales of these goods to relevant financial statements.

SECTION B
SALES TO AUSTRALIA (EXPORT PRICE)

This section requests information concerning your export practices and prices to Australia. You should include costs incurred beyond ex-factory. Export prices are usually assessed at free-on-board (FOB) point, but the Commission may also compare prices at the ex-factory level.

*You should report prices of **all** goods under consideration (the goods) **shipped** to Australia during the investigation period.*

The invoice date will normally be taken to be the date of sale. If you consider:

- *the sale date is not the invoice date (see 'date of sale' column in question B4 below) and;*
- *an alternative date should be used when comparing export and domestic prices*

*you **must** provide information in section D on domestic selling prices for a matching period - even if doing so means that such domestic sales data predates the commencement of the investigation period.*

B-1 For each customer in Australia to whom you shipped goods in the investigation period list:

- name;
- address;
- contact name and phone/fax number where known; and
- trade level (for example: distributor, wholesaler, retailer, end user, original equipment).

SSAB Group export sales to Australia are made by SSAB Swedish Steel Pte Ltd ("SSAB SG"), whose ultimate parent company is SSAB EMEA. Effectively, SSAB SG has the function of an export sales department within the SSAB Group, in the same way as SSAB EMEA has a domestic sales department in Sweden.

[CONFIDENTIAL TEXT DELETED – pricing for Australian market]

SSAB EMEA's answers to Section B relate to its related party sales to SSAB SG destined for Australia, and to [CONFIDENTIAL TEXT DELETED – disclosure re direct exports] direct exports SSAB EMEA also made to Australia. [CONFIDENTIAL TEXT DELETED – pricing for Australian market]

The contact details of SSAB SG are as follows:

Name	**SSAB Swedish Steel Pte Ltd ("SSAB SG")**
Address	**6 Chin Bee Avenue #01-02**
Contact name and phone number	**Janet Koh+65 6863 1622**
Level of Trade	**SSAB export sales department/trader**

[CONFIDENTIAL TEXT DELETED – unrelated Australian customers]

[CONFIDENTIAL TEXT DELETED – details of unrelated Australian customers]

B-2 For each customer identified in B1 please provide the following information.

(a) Describe how the goods are sent to each customer in Australia, including a diagram if required.

SSAB EMEA receives an order from SSAB SG. [CONFIDENTIAL TEXT DELETED – internal ordering and sale procedures]

SSAB EMEA will confirm whether it can fulfil the order from its existing stock, or whether it will have to manufacture the products ordered. If the former, SSAB EMEA will fill the order from stock. If the latter, SSAB EMEA will lodge a production order internally.

Once the order has been filled, the plates will be loaded [CONFIDENTIAL TEXT DELETED – logistics details and names of parties involved]

(b) Identify each party in the distribution chain and describe the functions performed by them. Where commissions are paid indicate whether it is a pre or post exportation expense having regard to the date of sale.

Products are loaded for transportation out of Sweden in Oxelösund by [CONFIDENTIAL TEXT DELETED – logistics details and names of parties involved].

[CONFIDENTIAL TEXT DELETED – number] different entities are used when the products are transported break bulk:

[CONFIDENTIAL TEXT DELETED –names of parties involved]

SSAB EMEA has ongoing commercial arrangements with each of them. Each entity invoices SSAB EMEA for services that they perform.

Where goods are to be shipped via container, [CONFIDENTIAL TEXT DELETED – logistics details and names of parties involved] to the final destinations.

All expenses incurred after the products are loaded in Oxelösund Harbour are post-exportation expenses, because they relate to costs incurred.

(c) Explain who retains ownership of the goods at each stage of the distribution chain. In the case of delivered duty paid (DDP) sales, explain who retains ownership when the goods enter Australia.

All Australian shipments were made under [CONFIDENTIAL TEXT DELETED – trading terms] terms. For [CONFIDENTIAL TEXT DELETED – trading terms], the ownership of the goods is transferred to the buyer when the goods [CONFIDENTIAL TEXT DELETED – trading terms]. In the case of the export shipments the buyer from SSAB EMEA is SSAB SG.

[CONFIDENTIAL TEXT DELETED – trading terms]

(d) Describe any agency or distributor agreements or other contracts entered into in relation to the Australian market (supply copy of the agreement if possible).

[CONFIDENTIAL TEXT DELETED – disclosure re other contracts and agreements]

(e) Explain in detail the process by which you negotiate price, receive orders, deliver, invoice and receive payment. If export prices are based on price lists supply copies of those lists.

The price negotiation process undertaken between SSAB EMEA and its customers depends on whether the customer is related to SSAB EMEA or not.

SSAB SG is ultimately 100% owned by SSAB AB, the parent company of SSAB EMEA. SSAB SG sells the products to SSAB Swedish Steel Pty Ltd in Australia (“SSAB AU”). SSAB AU is a 100% owned subsidiary of SSAB EMEA, and it is SSAB AU that imports the products for sale on the Australian market. SSAB will provide further explanations of the related party price setting mechanisms that apply.

Where the customer is an external customer, it will seek to negotiate a price with SSAB EMEA. [CONFIDENTIAL TEXT DELETED – details of price negotiation]

(f) State whether your firm is related to any of its Australian customers. Give details of any financial or other arrangements (e.g. free goods, rebates, or promotional subsidies) with the customers in Australia (including parties representing either your firm or the customers).

SSAB SG is ultimately wholly owned by SSAB EMEA’s parent company, SSAB AB. [CONFIDENTIAL TEXT DELETED – disclosure about financial or other arrangements]

(g) Details of the forward orders of the goods under consideration (include quantities, values and scheduled shipping dates).

Please refer to the Attachment that reports the forward orders.

B-3 Do your export selling prices vary according to the distribution channel identified? If so, provide details. Real differences in trade levels are characterised by consistent and distinct differences in functions and prices.

When SSAB EMEA sells to an external customer in Australia, a market price is determined through negotiation. [CONFIDENTIAL TEXT DELETED – details of unrelated Australian customers] costs and pricing considerations. **[CONFIDENTIAL TEXT DELETED – details of unrelated Australian customers]**

B-4 Prepare a spreadsheet named "**Australian sales**" listing all shipments (i.e. transaction by transaction) to Australia of the goods under consideration in the investigation period. You must provide this list in electronic format. Include the following export related information:

Column heading	**Explanation**
Customer name	names of your customers
Level of trade	the level of trade of your customers in Australia
Model/grade/type	commercial model/grade or type
Product code	code used in your records for the model/grade/type identified.
Invoice number	invoice number
Invoice date	invoice date
Date of sale	refer to the explanation at the beginning of this section. If you consider that a date *other than* the invoice date best establishes the material terms of sale, report that date. For example, order confirmation, contract, or purchase order date.
Order number	if applicable, show order confirmation, contract or purchase order number if you have shown a date other than invoice date as being the date of sale.
Shipping terms	Delivery terms e.g. CIF, C&F, FOB, DDP (in accordance with Incoterms)
Payment terms	agreed payment terms e.g. 60 days=60 etc.
Quantity	Quantity in units shown on the invoice. Show basis e.g. kg.
Gross invoice value	gross invoice value shown on invoice *in the currency of sale, excluding taxes.*
Discounts on the invoice	if applicable, the amount of any discount deducted on the invoice on each transaction. If a % discount applies show

	that % discount applying in another column.
Other charges	any other charges, or price reductions, that affect the net invoice value. Insert additional columns and provide a description.
Invoice currency	the currency used on the invoice
Exchange rate	Indicate the exchange rate used to convert the currency of the sale to the currency used in your accounting system
Net invoice value in the currency of the exporting country	the net invoice value expressed in your domestic currency as it is entered in your accounting system
Rebates or other allowances	the amount of any deferred rebates or allowances paid to the importer in the currency of sale
Quantity discounts	the actual amount of quantity discounts not deducted from the invoice. Show a separate column for each type of quantity discount.
Ocean freight**	the actual amount of ocean freight incurred on each export shipment listed.
Marine insurance	Amount of marine insurance
FOB export price**	the free on board price at the port of shipment.
Packing*	Packing expenses
Inland transportation costs*	inland transportation costs included in the selling price. For export sales this is the inland freight from factory to port in the country of export.
Handling, loading & ancillary expenses*	handling, loading & ancillary expenses. For example, terminal handling, export inspection, wharfage & other port charges, container tax, document fees & customs brokers fees, clearance fees, bank charges, letter of credit fees, & other ancillary charges incurred in the exporting country.
Warranty & guarantee expenses*	warranty & guarantee expenses
Technical assistance & other services*	expenses for after sale services, such as technical assistance or installation costs.
Commissions*	Commissions paid. If more than one type is paid insert additional columns of data. Indicate in your response to question B2 whether the commission is a pre or post exportation expense having regard to the date of sale.
Other factors*	**any other** costs, charges or expenses incurred in relation to the exports to Australia (include additional columns as required).

** FOB export price and Ocean Freight:

FOB export price: An FOB export price must be calculated for each shipment - regardless of the shipping terms. FOB price includes inland transportation to the port of exportation, inland insurance, handling, and loading charges. It excludes post exportation expenses such as ocean freight and insurance. Use a formula to show the method of the calculation on each line of the export sales spreadsheet.

Ocean freight: as ocean freight is a significant cost it is important that the actual amount of ocean freight incurred on each exportation be reported. If estimates must be made you must explain the reasons and set out the basis - estimates must reflect changes in freight rates over the investigation period.

Freight allocations must be checked for consistency.

* All of these costs are further explained in section E-1.

Please refer to the Attachment comprising the Australian sales spreadsheet. [CONFIDENTIAL ATTACHMENT]

B-5 If there are any other costs, charges or expenses incurred in respect of the exports listed above which have not been identified in the table above, add a column (see "other factors" in question B-4) for each item, and provide a description of each item. For example, other selling expenses (direct or indirect) incurred in relation to the export sales to Australia.

[CONFIDENTIAL TEXT DELETED – disclosure about other costs, charges and expenses]

B-6 For each type of discount, rebate, allowance offered on export sales to Australia:

- provide a description; and
- explain the terms and conditions that must be met by the importer to obtain the discount.

Where the amounts of these discounts, rebates etc. are not identified on the sales invoice, explain how you calculated the amount shown in your response to question B4. If they vary by customer or level provide an explanation.

[CONFIDENTIAL TEXT DELETED – disclosure about discounts, rebates and allowances]

B-7 If you have issued credit notes (directly or indirectly) to the customers in Australia, in relation to the invoices listed in the detailed transaction by transaction listing in response to question B4, provide details of each credit note if the credited amount has **not** been reported as a discount or rebate.

[CONFIDENTIAL TEXT DELETED – disclosure about credit notes]

B-8 If the delivery terms make you responsible for arrival of the goods at an agreed point within Australia (e.g. DDP), insert additional columns in the spreadsheet for all other costs incurred. For example:

Import duties	Amount of import duty paid in Australia
Inland transport	Amount of inland transportation expenses within Australia included in the selling price
Other costs	Customs brokers, port and other costs incurred (itemise)

[CONFIDENTIAL TEXT DELETED – trading terms]

B-9 Select two shipments, in different quarters of the investigation period, and provide a complete set of all of the documentation related to the export sale. For example:

- the importer's purchase order, order confirmation, and contract of sale;
- commercial invoice;
- bill of lading, export permit;
- freight invoices in relation to movement of the goods from factory to Australia, including inland freight contract;
- marine insurance expenses; and
- letter of credit, and bank documentation, proving payment.

The Commission will select additional shipments for payment verification at the time of the visit.

Please refer to:

- **Attachment comprising export bundle 1 [CONFIDENTIAL ATTACHMENT]; and**
- **Attachment comprising export bundle 2 [CONFIDENTIAL ATTACHMENT].**

SECTION C
EXPORTED GOODS & LIKE GOODS

C-1 Fully describe all of the goods you have exported to Australia during the investigation period. Include specification details and any technical and illustrative material that may be helpful in identifying, or classifying, the exported goods.

> **During the period of investigation, SSAB EMEA exported [CONFIDENTIAL TEXT DELETED – description of exported products] to Australia. These were:**
>
> **[CONFIDENTIAL TEXT DELETED – description of exported products] Each of these designations identifies the key characteristic of the plate. [CONFIDENTIAL TEXT DELETED – technical details of exported products]**
>
> **Please refer to the Attachment comprising product information for more details of the product specifications. {CONFIDENTIAL ATTACHMENT]**

C-2 List each type of goods exported to Australia (these types should cover all types listed in spreadsheet "**Australian sales**" **–** see section B of this questionnaire).

> **Please refer to Attachment regarding the product list. [CONFIDENTIAL ATTACHMENT]**

C-3 If you sell like goods on the domestic market, for each type that your company has exported to Australia during the investigation period,

- list the most comparable model(s) sold domestically;
- and provide a detailed explanation of the differences where those goods sold domestically (i.e. the like goods – see explanation in glossary) are not identical to goods exported to Australia.

EXPORTED TYPE	DOMESTIC TYPE	IDENTICAL?	DIFFERENCES
Product code of each model of the goods exported to Australia	Product code of comparable model sold on the domestic market of the country of export	If goods are identical indicate "YES". Otherwise "NO"	Where the good exported to Australia is not identical to the like goods, describe the specification differences. If it is impractical to detail specification differences in this table refer to documents which outline differences

Please refer to Attachment regarding the product list. [CONFIDENTIAL ATTACHMENT]

We also include another Attachment including data regarding the "Product Configuration ID" for each product. [CONFIDENTIAL ATTACHMENT] This code is internally generated, in the ordinary course of our business, [CONFIDENTIAL TEXT DELETED – description of exported products].

C-4 Please provide any technical and illustrative material that may be helpful in identifying or classifying the goods that your company sells on the domestic market.

Please refer to the Attachment comprising domestic sales technical information. [CONFIDENTIAL ATTACHMENT]

SECTION D
DOMESTIC SALES

This section seeks information about the sales arrangements and prices in the domestic market of the country of export.

*All domestic sales made during the investigation period must be listed transaction by transaction. If there is an extraordinarily large volume of sales data and you are unable to provide the complete listing electronically you **must** contact the case officer **before** completing the questionnaire. If the case officer agrees that it is not possible to obtain a complete listing he or she will consider a method for sampling that meets* the *Commission requirements. If agreement cannot be reached as to the appropriate method the Commission may not visit your company.*

The Commission will normally take the invoice date as being the date of sale in order to determine which sales fall within the investigation period.

If, in response to question B4 (Sales to Australia, Export Price), you have reported that the date of sale is not the invoice date and you consider that this alternative date should be used when comparing domestic and export prices –

*you **must** provide information on domestic selling prices for a matching period - even if doing so means that such domestic sales data predates the commencement of the investigation period.*

If you do not have any domestic sales of like goods you must contact the case officer who will explain the infomation the Commission *requires for determining a normal value using alternative methods.*

D-1 Provide:

- a detailed description of your distribution channels to domestic customers, including a diagram if appropriate;
- information concerning the functions/activities performed by each party in the distribution chain; and
- a copy of any agency or distributor agreements, or contracts entered into.

If any of the customers listed are associated with your business, provide details of that association. Describe the effect, if any, that association has upon the price.

SSAB EMEA's sells its products to its customers in Sweden through its domestic sales department.

Customers will contact SSAB EMEA in order to source the Q&T plate they require. This contact will usually be made by phone or email.

> **Once SSAB EMEA has received an enquiry from a customer, it will negotiate the price with the customer. Once the order is placed, SSAB EMEA considers whether those requirements can be filled from stock, or whether the goods required to fill the order must be manufactured. Upon making this determination SSAB EMEA will confirm the order with the customer, and enter the order into its internal system.**
>
> **Once the order is filled it will be despatched to the customer. The delivery terms on domestic payments [CONFIDENTIAL TEXT DELETED – details of logistics procedures].**
>
> **Once an order is despatched SSAB EMEA will invoice the customer. [CONFIDENTIAL TEXT DELETED – details of commercial arrangements]**
>
> **[CONFIDENTIAL TEXT DELETED – details of commercial arrangements]**
>
> **[CONFIDENTIAL TEXT DELETED – disclosure re agency and distribution agreements]**

D-2 Do your domestic selling prices vary according to the distribution channel identified? If so, provide details. Real differences in trade levels are characterised by consistent and distinct differences in functions and prices.

> **[CONFIDENTIAL TEXT DELETED –pricing to different types of customers]**

D-3 Explain in detail the sales process, including:

- the way in which you set the price, receive orders, make delivery, invoice and finally receive payment; and the terms of the sales; and
- whether price includes the cost of delivery to customer

If sales are in accordance with price lists, provide copies of the price lists.

> **[CONFIDENTIAL TEXT DELETED – disclosure re pricing and negotiation]**
>
> **As discussed above in response to question D1, the customer will approach SSAB EMEA with their Q&T steel plate requirement. This process is quite informal. Customers may approach SSAB EMEA in person, by phone or by email.**
>
> **Once a customer has lodged an order, SSAB EMEA will determine whether it can meet the customer's requirement from stock, or whether they will be required to produce the requested Q&T steel plate. It will then book the order accordingly.**
>
> **Once the order is filled, [CONFIDENTIAL TEXT DELETED – details of logistics and commercial arrangements]**

D-4 Prepare a spreadsheet named "**domestic sales**" listing **all** sales of like goods made during the investigation period. The listing must be provided on a CD-ROM. Include all of the following information

Column heading	**Explanation**

Customer name	names of your customers. If an English version of the name is not easily produced from your automated systems show a customer code number and in a separate table list each code and name.
Level of trade	the level of trade of your domestic customer
Model/grade/type	commercial model/grade or type of the goods
Product code	code used in your records for the model/grade/type of the goods identified. Explain the product codes in your submission.
Invoice number	invoice number
Invoice date	invoice date
Date of sale	refer to the explanation at the beginning of this section. If you consider that a date *other than* the invoice date best establishes the material terms of sale and should be used, report that date. For example, order confirmation, contract, or purchase order date.
Order number	show order confirmation, contract or purchase order number if you have shown a date other than invoice date as being the date of sale.
Delivery terms	e.g. ex-factory, free on truck, delivered into store
Payment terms	payment terms agreed with the customer e.g. 60 days=60 etc.
Quantity	quantity in units shown on the invoice e.g. kg.
Gross Invoice value	gross value shown on invoice *in the currency of sale*, net of taxes.
Discounts on the Invoice	the amount of any discount deducted on the invoice on each transaction. If a % discount applies show that % discount applying in another column.
Other charges	any other charges, or price reductions, that affect the net invoice value. Insert additional columns and provide description.
Net invoice value in the currency of the exporting country	the net invoice value expressed in your domestic currency as recorded in your accounting system
Rebates or other Allowances	the actual amount of any deferred rebates or allowances in the currency of sale
Quantity discounts	the actual amount of quantity discounts not deducted from the invoice. Show a separate column for each type of quantity discount.
Packing*	packing expenses
Inland transportation Costs*	amount of inland transportation costs included in the selling price.
Handling, loading and ancillary expenses*	handling, loading & ancillary expenses.
Warranty & Guarantee	warranty & guarantee expenses

expenses*	
Technical assistance & other services*	expenses for after sale services such as technical assistance or installation costs.
Commissions*	commissions paid. If more than one type is paid insert additional columns of data.
Other factors*	**any other** costs, charges or expenses incurred in relation to the domestic sales (include additional columns as required). See question D5.

Costs marked with * are explained in section E-2.

> **Please refer to the Attachment comprising the domestic sales spreadsheet. [CONFIDENTIAL ATTACHMENT]**
>
> **[CONFIDENTIAL TEXT DELETED – confidential details about certain products and customers]**

D-5 If there are any other costs, charges or expenses incurred in respect of the sales listed which have not been identified in the table in question D-4 above add a column for each item (see "other factors"). For example, certain other selling expenses incurred.

> **SSAB EMEA has identified a number of costs that need to be considered, and has included them in the relevant spread sheet. These include such things as sales costs, advertising cost, warehousing cost and logistics cost.**

D-6 For each type of commission, discount, rebate, allowance offered on domestic sales of like goods:

- provide a description; and
- explain the terms and conditions that must be met by the customer to qualify for payment.

Where the amounts of these discounts, rebates etc. are not identified on the sales invoice, explain how you calculated the amounts shown in your response to question D4.

> **[CONFIDENTIAL TEXT DELETED – disclosure re commissions, discounts, rebates and allowances]**

If you have issued credit notes, directly or indirectly to the customers, provide details if the credited amount has **not** been reported as a discount or rebate.

> **[CONFIDENTIAL TEXT DELETED – disclosure re credit notes]**

D-7 Select two domestic sales, in different quarters of the investigation period, that are at the same level of trade as the export sales. Provide a <u>complete</u> set of documentation for those two sales. Include, for example, purchase order, order acceptance, commercial invoice, discounts or rebates applicable, credit/debit notes, long or short term contract of sale, inland freight contract, bank documentation showing proof of payment.

The Commission will select additional sales for verification at the time of our visit.

Please refer to:

- **the Attachment comprising domestic bundle 1 [CONFIDENTIAL ATTACHMENT]; and**
- **the Attachment comprising domestic bundle 2 [CONFIDENTIAL ATTACHMENT].**

SECTION E
FAIR COMPARISON

Section B sought information about the export prices to Australia and Section D sought information about prices on your domestic market for like goods (i.e. the normal value).

Where the normal value and the export price are not comparable adjustments may be made. This section informs you of the fair comparison principle and asks you to quantify the amount of any adjustment.

As prices are being compared, the purpose of the adjustments is to eliminate factors that have unequally modified the prices to be compared.

To be able to quantify the level of any adjustment it will usually be necessary to examine cost differences between sales in different markets. The Commission must be satisfied that those costs are likely to have influenced price. In practice, this means that the expense item for which an adjustment is claimed should have a close nexus to the sale. For example, the cost is incurred because of the sale, or because the cost is related to the sale terms and conditions.

Conversely, where there is not a direct relationship between the expense item and the sale a greater burden is placed upon the claimant to demonstrate that prices have been affected, or are likely to have been affected, by the expense item. In the absence of such evidence the Commission may disallow the adjustment.

Where possible, the adjustment should be based upon actual costs incurred when making the relevant sales. However, if such specific expense information is unavailable cost allocations may be considered. In this case, the party making the adjustment claim must demonstrate that the allocation method reasonably estimates costs incurred.

A party seeking an adjustment has the obligation to substantiate the claim by relevant evidence that would allow a full analysis of the circumstances, and the accounting data, relating to the claim.

The investigation must be completed within strict time limits therefore you must supply information concerning claims for adjustments in a timely manner. Where an exporter has knowledge of the material substantiating an adjustment claim that material is to be available at the time of the verification visit. The Commission will not consider new claims made after the verification visit.

E-1 Costs associated with export sales

(These cost adjustments will relate to your responses made at question B-4, '**Australian sales**')

1. Transportation

Explain how you have quantified the amount of inland transportation associated with the export sale (“**Inland transportation costs**”). Identify the general ledger account where the expense is located. If the amount has been determined from contractual arrangements, not from an account item, provide details and evidence of payment.

> **[CONFIDENTIAL TEXT DELETED – details re export transport costs] The products are loaded onto a ship at Oxelösund Harbour – next to the mill – [CONFIDENTIAL TEXT DELETED –details of export sales route]**

2. Handling, loading and ancillary expenses

List all charges that are included in the export price and explain how they have been quantified (“**Handling, loading & ancillary expenses**”). Identify the general ledger account where the expenses are located. If the amounts have been determined using actual observations, not from a relevant account item, provide details.

The various export related ancillary costs are identified in the table at question B4, for example:

- terminal handling;
- wharfage and other port charges;
- container taxes;
- document fees and customs brokers fees;
- clearance fees;
- bank charges, letter of credit fees
- other ancillary charges.

> **As discussed in response to Question B2, SSAB EMEA has contracted with [CONFIDENTIAL TEXT DELETED – name of logistics provider] to provide handling and loading services for shipments destined to Australia.**
>
> **In order to quantify these costs, [CONFIDENTIAL TEXT DELETED – details of export handling costs]**
>
> **The account in which these expenses are located is [CONFIDENTIAL TEXT DELETED – number] – loading/ unloading, handling Oxelösund.**

3. Credit

The cost of extending credit on export sales is not included in the amounts quantified at question B4. However, the Commission will examine whether a credit adjustment is warranted and determine the amount. Provide applicable interest rates over each month of the investigation period. Explain the nature of the interest rates most applicable to these export sales e.g., short term borrowing in the currency concerned.

If your accounts receivable shows that the average number of collection days differs from the payment terms shown in the sales listing, *and if* export prices are influenced by this longer or shorter period, calculate the average number of collection days. See also item 4 in section E-2 below.

> **The payment terms applicable to export sales to SSAB SG are [CONFIDENTIAL TEXT DELETED –disclosure re credit terms].**
>
> **Sales to SSAB SG are made [CONFIDENTIAL TEXT DELETED – details re currency and interest rate]**

4. Packing costs

List material and labour costs associated with packing the export product. Describe how the packing method differs from sales on the domestic market, for each model. Report the amount in the listing in the column headed '**Packing**'.

> **SSAB EMEA is responsible for packing the Q&T plate. To do this, it uses fumigated dunnage. The form of packing does not differ between exports and domestic sales.**

5. Commissions

For any commissions paid in relation to the export sales to Australia:

- provide a description; and
- explain the terms and conditions that must be met.

Report the amount in the sales listing in question B-4 under the column headed **"Commissions".** Identify the general ledger account where the expense is located.

> **[CONFIDENTIAL TEXT DELETED – disclosure re commissions]**

6. Warranties, guarantees, and after sales services

List the costs incurred. Show relevant sales contracts. Show how you calculated the expenses (**"Warranty & guarantee expenses"** and **"Technical assistance & other services"**), including the basis of any allocations. Include a record of expenses incurred. Technical services include costs for the service, repair, or consultation. Where these expenses are closely related to the sales in question, an adjustment will be considered. Identify the ledger account where the expense is located.

> **[CONFIDENTIAL TEXT DELETED – disclosure re warranties, guarantees and**

after sales services]

7. Other factors

There may be other factors for which an adjustment is required if the costs affect price comparability – these are identified in the column headed **"Other factors"**. For example, other variable or fixed selling expenses, including salesmen's salaries, salesmen's travel expenses, advertising and promotion, samples and entertainment expenses. Your consideration of questions asked at Section G, concerning domestic and export costs, would have alerted you to such other factors.

The costs involved in an Australian shipment by SSAB EMEA are a lot less than the costs of making domestic sales. [CONFIDENTIAL TEXT DELETED – disclosure re selling expense adjustment]

8. Currency conversions

In comparing export and domestic prices a currency conversion is required. Fluctuations in exchange rates can only be taken into account when there has been a 'sustained' movement during the period of investigation (see article 2.4.1 of the WTO Agreement). The purpose is to allow exporters 60 days to adjust export prices to reflect 'sustained' movements. Such a claim requires detailed information on exchange movements in your country over a long period that includes the investigation period.

Not applicable. SSAB EMEA does not consider that there was a sustained movement in the exchange rate between the SEK and the USD during the POI.

E-2 Costs associated with domestic sales

(These cost adjustments will relate to your responses made at question D-4, **"domestic sales"**)

The following items are not separately identified in the amounts quantified at question D-4. However you should consider whether any are applicable.

1. Physical characteristics

The adjustment recognises that differences such as quality, chemical composition, structure or design, mean that goods are not identical and the differences can be quantified in order to ensure fair comparison.

The amount of the adjustment shall be based upon the market value of the difference, but where this is not possible the adjustment shall be based upon the difference in cost plus the gross profit mark-up (i.e. an amount for selling general and administrative costs (SG&A) plus profit).

The adjustment is based upon actual physical differences in the goods being compared and upon the manufacturing cost data. Identify the physical differences between each model. State the source of your data.

Not applicable. The vast majority of the products shipped to Australia are matched with identical products sold within Sweden. Please refer to Section C for more details.

2. Import charges and indirect taxes

If exports to Australia:

- are partially or fully exempt from internal taxes and duties that are borne by the like goods in domestic sales (or on the materials and components physically incorporated in the goods), or

- if such internal taxes and duties have been paid and are later remitted upon exportation to Australia;

the price of like goods must be adjusted downwards by the amount of the taxes and duties.

The taxes and duties include sales, excise, turnover, value added, franchise, stamp, transfer, border, and excise taxes. Direct taxes such as corporate income tax are not included as such taxes do not apply to the transactions.

Adjustment for drawback is not made in every situation where drawback has been received. Where an adjustment for drawback is appropriate you must provide information showing <u>the import duty borne by the domestic sales</u>. (That is, it is not sufficient to show the drawback amount and the export sales quantity to Australia. For example, you may calculate the duty borne on domestic sales by quantifying the total amount of import duty paid and subtracting the duty refunded on exports to all countries. The difference, when divided by the domestic sales volume, is the amount of the adjustment).

In substantiating the drawback claim the following information is required:

- a copy of the relevant statutes/regulations authorising duty exemption or remission, translated into English;

- the amount of the duties and taxes refunded upon exportation and an explanation how the amounts were calculated and apportioned to the exported goods;

- an explanation as to how you calculated the amount of duty payable on imported materials is borne by the goods sold domestically but is not borne by the exports to Australia;

<u>Substitution drawback systems</u>

Annex 3 of the WTO Agreement on Subsidies provides: *"Drawback systems can allow for the refund or drawback of import duties on inputs which are consumed in the production process of another product and where the export* *of this latter product contains domestic inputs having the same quality and characteristics as those substituted for the imported inputs"*

If such a scheme operates in the country of export adjustments can also be made for the drawback payable on the substituted domestic materials, provided the total amount of the drawback does not exceed the total duty paid.

Not applicable. There is no duty drawback scheme in operation in Sweden.

3. Level of trade

Question D-4 asks you to indicate the level of trade to the domestic customer. To claim an adjustment for level of trade differences you will need to quantify the amount by which level of trade influences price.

Trade level is the level a company occupies in the distribution chain. The trade level to which that company in turn sells the goods and the functions carried out distinguish a level of trade. Examples are producer, national distributor, regional distributor, wholesaler, retailer, end user, and original equipment.

It may not be possible to compare export prices and domestic prices at the same level of trade. Where relevant sales of like goods at the next level of trade must be used to determine normal values an adjustment for the difference in level of trade may be required where it is shown that the difference affects price comparability.

The information needs to establish that there are real trade level differences, not merely nominal differences. Real trade level differences are characterised by a consistent pattern of price differences between the levels and by a difference in functions performed. If there is no real trade level differences all sales are treated as being at the same level of trade.

A real difference in level of trade (may be adjusted for using either of the following methods:

(a) *costs arising from different functions*: the amount of the costs, expenses etc. incurred by the seller in domestic sales of the like goods resulting from activities that would not be performed were the domestic sales made at the same level as that of the importer.

This requires the following information:

- a detailed description of each sales activity performed in selling to your domestic customers (for example sales personnel, travel, advertising, entertainment etc.);
- the cost of carrying out these activities in respect of like goods;
- for each activity, whether your firm carries out the same activity when selling to importers in Australia;

- an explanation as to why you consider that you are entitled to a level of trade adjustment.

or

(b) *level discount*: the amount of the discount granted to purchasers who are at the same level of trade as the importer in Australia. This is determined by an examination of price differences between the two levels of trade in the exporter's domestic market, for example sales of like goods by other vendors or sales of the same general category of goods by the exporter. For this method to be used it is important that a clear pattern of pricing be established for the differing trade levels. Such pattern is demonstrated by a general availability of the discounts to the level - isolated instances would not establish a pattern of availability.

Due to the fact that the sales to SSAB SG are in the nature of ex-factory [CONFIDENTIAL TEXT DELETED – characterization of sales to SSAB SG] then undertakes an export sales department/trader function, they are at a low level of trade. The domestic sales are sales at much higher levels of trade, fully supported by the domestic sales team and other sales related functions within SSAB EMEA.

[CONFIDENTIAL TEXT DELETED – pricing for the Australian market]

4. Credit

The cost of extending credit on domestic sales is not included in the amounts quantified at question D-4. However, the Commission will examine whether a credit adjustment is warranted and determine the amount. An adjustment for credit is to be made even if funds are not borrowed to finance the accounts receivable.

The interest rate on domestic sales in order of preference is:

- the rate, or average of rates, applying on actual short term borrowings by the company; or
- the prime interest rate prevailing for commercial loans in the country for credit terms that most closely approximate the credit terms on which the sales were made; or
- such other rate considered appropriate in the circumstances.

Provide the applicable interest rate over each month of the investigation period.

If your accounts receivable shows that the average number of collection days differs from the payment terms shown in the sales listing, and if domestic prices are influenced by this longer or shorter period, calculate the average number of collection days.

Where there is no fixed credit period agreed at the time of sale the period of credit is determined on the facts available. For example, where payment is made using an open account system[1], the average credit period may be determined as follows:

1. Calculate an accounts receivable turnover ratio

This ratio equals the total credit sales divided by average accounts receivable.

(It is a measure of how many times the average receivables balance is converted into cash during the year).

In calculating the accounts receivable turnover ratio, credit sales should be used in the numerator whenever the amount is available from the financial statements. Otherwise net sales revenue may be used in the numerator.

An average accounts receivable over the year is used in the denominator. This may be calculated by:

- using opening accounts receivable at beginning of period plus closing accounts receivable at end of period divided by 2, or
- total monthly receivables divided by 12.

2. Calculate the average credit period

The average credit period equals 365 divided by the accounts receivable turnover ratio determined above at 1.

The resulting average credit period should be tested against randomly selected transactions to support the approximation.

[CONFIDENTIAL TEXT DELETED – disclosure re credit terms]

The following items are identified in the amounts quantified at question D-4:

5. Transportation

Explain how you have quantified the amount of inland transportation associated with the domestic sales (**"Inland transportation Costs"**). Identify the general ledger account where the expense is located. If the amount has been determined from contractual arrangements, not from an account item, provide details and evidence of payment.

[CONFIDENTIAL TEXT DELETED – disclosure re internal recording of transport

[1] Under an open account system, following payment the balance of the amount owing is carried into the next period. Payment amounts may vary from one period to the next, with the result that the amount owing varies.

costs, allocation and numbers]

6. Handling, loading and ancillary expenses

List all charges that are included in the domestic price and explain how they have been quantified (“**Handling, loading and ancillary Expenses**”). Identify the general ledger account where the expense is located. If the amounts have been determined using actual observations, not from a relevant account item, provide details.

Handling and loading is undertaken by SSAB EMEA’s despatch team.

[CONFIDENTIAL TEXT DELETED – disclosure re costs of handling and loading]

There are no differences between the handling and loading costs for domestic sales and the handling and loading costs for export sales.

7. Packing

List material and labour costs associated with packing the domestically sold product. Describe how the packing method differs from sales on the domestic market, for each model. Report the amount in the listing in the column headed “**Packing**”.

Q&T steel plate is packed by SSAB EMEA’s despatch team. The costs of this section are recorded in [CONFIDENTIAL TEXT DELETED – number] Demurrage/dispatch Oxelösund.

Like export sales, the Q&T plate is packed with fumigated dunnage. There are no differences between the method used to pack domestically sold Q&T plate, and the method used to pack Q&T plate sold to Australian customers.

8. Commissions

For any commissions paid in relation to the domestic sales:

- provide a description
- explain the terms and conditions that must be met.

Report the amount in the sales listing under the column headed “**Commissions**”. Identify the general ledger account where the expense is located.

[CONFIDENTIAL TEXT DELETED – disclosure re commissions]

9. Warranties, guarantees, and after sales services

List the costs incurred. Show relevant sales contracts. Show how you calculated the expenses (**“Warranty & Guarantee expenses”** and **“Technical assistance & other services”**), including the basis of any allocations. Include a record of expenses incurred. Technical services include costs for the service, repair, or consultation. Where these expenses are closely related to the sales in question, an adjustment will be considered. Identify the ledger account where the expense is located.

> **[CONFIDENTIAL TEXT DELETED – disclosure re handling, loading and ancillary expenses]**

10. Other factors

There may be other factors for which an adjustment is required if the costs affect price comparability – these are identified in the column headed **“Other factors”**. List the factors and show how each has been quantified in per unit terms. For example:

- *inventory carrying cost*: describe how the products are stored prior to sale and show data relating to the average length of time in inventory. Indicate the interest rate used;
- *warehousing expense*: an expense incurred at the distribution point;
- *royalty and patent fees*: describe each payment as a result of production or sale, including the key terms of the agreement;
- *advertising*; and
- *bad debt*.

> **SSAB EMEA has incurred expenses relating to [CONFIDENTIAL TEXT DELETED – disclosure re domestic costs for adjustment] that were sold domestically during the POI. These amounts have been quantified and included in the column/s of the relevant spreadsheet.**

E-3 Duplication

In calculating the amount of the adjustments you must ensure that there is no duplication.

For example:

- adjustments for level of trade, quantity or other discounts may overlap, or
- calculation of the amount of the difference for level of trade may be based upon selling expenses such as salesperson’s salaries, promotion expenses, commissions, and travel expenses.

Separate adjustment items must avoid duplication.

An adjustment for quantities may not be granted unless the effect on prices for quantity differences is identified and separated from the effect on prices for level of trade differences.

Noted.

SECTION F
EXPORT SALES TO COUNTRIES OTHER THAN AUSTRALIA (THIRD COUNTRY SALES)

Your response to this part of the questionnaire may be used by the Commission to select sales to a third country that may be suitable for comparison with exports to Australia.

Sales to third countries may be used as the basis for normal value in certain circumstances. The Commission may seek more detailed information on particular third country sales where such sales are likely to be used as the basis for determining normal value.

F-1 Using the column names and column descriptions below provide a summary of your export sales to countries other than Australia.

Column heading	**Explanation**
Country	Name of the country that you exported like goods to over the investigation period.
Number of customers	The number of different customers that your company has sold like goods to in the third country over the investigation period.
Level of trade	The level of trade that you export like goods to in the third country.
Quantity	Indicate quantity, in units, exported to the third country over the investigation period.
Unit of quantity	Show unit of quantity e.g. kg
Value of sales	Show net sales value to all customers in third country over the investigation period
Currency	Currency in which you have expressed data in column SALES
Payment terms	Typical payment terms with customer(s) in the country e.g. 60 days=60 etc.
Shipment terms	Typical shipment terms to customers in the third country e.g. CIF, FOB, ex-factory, DDP etc.

Supply this information in spreadsheet file named "**Third country**"

Please refer to the Attachment containing the spreadsheet that reports SSAB EMEA's third country sales for further details. [CONFIDENTIAL ATTACHMENT]

F-2 Please identify any differences in sales to third countries which may affect their comparison to export sales to Australia.

SSAB does not consider that resort will need to be had to sales to third countries, in order to calculate normal values.

However, if the Anti-Dumping Commission considers that more information is required, please do not hesitate to contact us.

SECTION G
COSTING INFORMATION AND CONSTRUCTED VALUE

The information that you supply in response to this section of the questionnaire will be used for various purposes including:

- *testing the profitability of sales of like goods on the domestic market;*
- *determining a constructed normal value of the goods under consideration (the goods) - i.e. of the goods exported to Australia; and*
- *making certain adjustments to the normal value.*

You will need to provide the cost of production of both the exported goods (the goods) and for the like goods sold on the domestic market. You will also need to provide the selling, general, and administration costs relating to goods sold on the domestic market; the finance expenses; and any other expenses (e.g. non-operating expenses not included elsewhere) associated with the goods.

In your response please include a worksheet showing how the selling, general, and administration expenses; the finance expenses; and any other expenses have been calculated.

If, in response to question B4 (Sales to Australia, Export Price) you:

- *reported that the date of sale is not the invoice date and consider that this alternative date should be used when comparing domestic and export prices, and*
- *provided information on domestic selling prices for a matching period as required in the introduction to Section D (Domestic Sales)*

you must provide cost data over the same period as these sales even if doing so means that such cost data predates the commencement of the investigation period.

At any verification meeting you must be prepared to reconcile the costs shown to the accounting records used to prepare the financial statements.

G-1. Production process and capacity

1. Describe the production process for the goods. Provide a flowchart of the process. Include details of all products manufactured using the same production facilities as those used for the goods. Also specify all scrap or by-products that result from producing the goods.

SSAB EMEA produces Q&T plate in the following manner:

[CONFIDENTIAL TEXT DELETED – production flow chart with products and by-products identified]

[CONFIDENTIAL TEXT DELETED – details of products manufactured to the plant]

G-2. Provide information about your company's total production in the following table:

	PREVIOUS FINANCIAL YEAR	MOST RECENT FINANCIAL YEAR	Investigation Period
A – Production capacity (e.g. kg, tonnes)*			
B – Actual production in volume (e.g. kg, tonnes)			
C – Capacity utilisation (%) (B/A x 100)			

* rather than showing a 'name-plate' optimal capacity it is more meaningful to show the maximum level of production that may reasonably be attained under normal operating conditions. For example assuming: normal levels of maintenance and repair; a number of shifts and hours of operation that is not abnormally high; and a typical production mix.

Provide this information on a spreadsheet named "**Production**".

Please refer to the Attachment containing the spreadsheet that reports SSAB EMEA's production details. [CONFIDENTIAL ATTACHMENT]

G-3. Cost accounting practices

1. Outline the management accounting system that you maintain and explain how that cost accounting information is reconciled to your audited financial statements.

SSAB EMEA uses the [CONFIDENTIAL TEXT DELETED – proprietary accounting software].

The costs from the financial accounting system (the same that gives the audited statements, a system called [CONFIDENTIAL TEXT DELETED – proprietary accounting software]) are imported to the cost accounting system. The data from the financial accounting system is grouped into variable and fixed costs and the cost centres are grouped to the production process it relates to. The system then calculates the cost per ton by product groups.

2 Is your company's cost accounting system based on standard (budgeted) costs? State whether standard costs were used in your responses to this questionnaire. If they were state whether all variances (i.e. differences between standard and actual production costs) have been allocated to the goods - and describe how those

variances have been allocated.

Not applicable. SSAB EMEA's cost accounting system is based upon actual costs.

3 Provide details of any significant or unusual cost variances that occurred during the investigation period.

[CONFIDENTIAL TEXT DELETED –proprietary accounting software]

4 Describe the profit/cost centres in your company's cost accounting system.

Please refer to the Attachment listing SSAB EMEA's cost centres. [CONFIDENTIAL ATTACHMENT]

[CONFIDENTIAL TEXT DELETED – internal accounting policy]

5 For each profit/cost centre describe in detail the methods that your company normally uses to allocate costs to the goods under consideration. In particular specify how, and over what period, expenses are amortised or depreciated, and how allowances are made for capital expenditures and other development costs.

Please refer to Section A of this Exporter Questionnaire for amortisation and depreciation periods.

6 Describe the level of product specificity (models, grades etc.) that your company's cost accounting system records production costs

The cost accounting system records production costs [CONFIDENTIAL TEXT DELETED – internal accounting policy]

7 List and explain all production costs incurred by your company which are valued differently for cost accounting purposes than for financial accounting purposes.

There are no differences between the valuation of production costs for accounting purposes and the valuation of production costs for financial accounting purposes. Actual costs are used in both instances.

8 State whether your company engaged in any start-up operations in relation to the goods under consideration. Describe in detail the start-up operation giving dates (actual or projected) of each stage of the start-up operation.

[CONFIDENTIAL TEXT DELETED – disclosure re start-up expenses]

9 State the total cost of the start-up operation and the way that your company has treated the costs of the start-up operation it its accounting records.

[CONFIDENTIAL TEXT DELETED – disclosure re start-up expenses]

G-4 Cost to make and sell on domestic market

This information is relevant to testing whether domestic sales are in the ordinary course of trade.[2]

1. Please provide (in the format shown in the table below) the actual unit cost to make and sell each model/type* (identified in section C) of the like goods sold on the domestic market. Provide this cost data for each quarter over the investigation period. If your company calculates costs monthly, provide monthly costs.

2. Indicate the source of cost information (account numbers etc.) and/or methods used to allocate cost to the goods. Provide documentation and worksheets supporting your calculations.

	Quarter X	Quarter X	Quarter X	Quarter X
Like Domestic Model/Type – from spreadsheet LIKEGOOD				
Material Costs[1]				
Direct Labour				
Manufacturing Overheads				
Other Costs[2]				
Total Cost to Make				
Selling Costs				
Administration Costs				
Financial Costs				
Delivery Expenses[3]				
Other Costs[3]				
Unit Cost to Make and Sell				

Prepare this information in a spreadsheet named "**Domestic CTMS**".

Please refer to the Domestic CTMS Attachment. [CONFIDENTIAL

[2] *The Commission applies the tests set out in s.269TAAD of the Customs Act 1901 to determine whether goods are in ordinary course of trade. These provisions reflect the WTO anti-dumping agreement – see Article 2.2.1.*

ATTACHMENT]

[1] Identify each cost separately. Include indirect material costs as a separate item only if not included in manufacturing overheads.

[2] Relating to costs of production only; identify each cost separately.

[3] Identify each cost separately. Please ensure non-operating expenses **that relate to the goods under consideration** are included. Where gains/losses due to foreign currency exchange are incurred, please provide detail of the amounts separately for transaction and translation gains/losses.

Provide this information for each quarter (or month if your company calculates costs on a monthly basis) over the period of the investigation.

Provide the information broken down into fixed and variable costs, and indicate the % total cost represented by fixed costs.

If you are unable to supply this information in this format, please contact the case officer for this investigation at the address shown on the cover of this questionnaire.

Please specify unit of currency.

G-5 Cost to make and sell goods under consideration (goods exported to Australia)

The information is relevant to calculating the normal values based on costs. It is also relevant to calculating certain adjustments to the normal value.

	Quarter X	**Quarter X**	**Quarter X**	**Quarter X**
Model/Type exported to Australia – from spreadsheet LIKEGOOD				
Material Costs[1]				
Direct Labour				
Manufacturing Overheads				
Other Costs[2]				
Total Cost to Make				
Selling Costs				
Administration Costs				
Financial Costs				
Delivery Expenses[3]				
Other Costs[3]				

Unit Cost to Make and Sell				

Prepare this information in a spreadsheet named "**Australian CTMS**".

Please refer to the Australian CTMS Attachment. [CONFIDENTIAL ATTACHMENT]

[1] Identify each cost separately. Include indirect material costs as a separate item only if not included in manufacturing overheads.

[2] Relating to costs of production only; identify each cost separately.

[3] Identify each cost separately. Please ensure non-operating expenses **that relate to the goods** are included. Where gains/losses due to foreign currency exchange are incurred, please provide detail of the amounts separately for transaction and translation gains/losses.

Provide this information for each quarter (or month if your company calculates costs on a monthly basis) over the period of the investigation.

Provide the information broken down into fixed and variable costs, and indicate the % total cost represented by fixed costs.

If you are unable to supply this information in this format, please contact the case officer for this investigation at the address shown on the cover of this questionnaire.

Please specify unit of currency.

1 Where there are cost differences between goods sold to the domestic market and those sold for export, give reasons and supporting evidence for these differences.

2 Give details and an explanation of any significant differences between the costs shown, and the costs as normally determined in accordance with your general accounting system. Reference should be made to any differences arising from movements in inventory levels and variances arising under standard costing methods.

3 In calculating the unit cost to make and sell, provide an explanation if the allocation method used (e.g. number, or weight etc.) to determine the unit cost differs from the prior practice of your company.

G-6 Major raw material costs

List major raw material costs, which individually account for <u>10% or more</u> of the total production cost.

For these major inputs:

- identify materials sourced in-house and from associated entities;
- identify the supplier; and

- show the basis of valuing the major raw materials in the costs of production you have shown for the goods (e.g. market prices, transfer prices, or actual cost of production).

Where the major input is produced by an associate of your company the Commission will compare your purchase price to a normal market price. If the associate provides information on the cost of production for that input such cost data may also be considered.

Normal market price is taken to be the price normally available in the market (having regard to market size, whether the input is normally purchased at 'spot prices' or under long term contracts etc.).

The term associate is defined in section 269TAA of the *Customs Act*. Included in that definition are companies controlled by the same parent company (a company that controls 5% or more of the shares of another is taken to be an associated company); companies controlled by the other company; and companies having the same person in the board of directors.

Please refer to the Attachment listing the raw materials. [CONFIDENTIAL ATTACHMENT]

Important note: If the major input is sourced as part of an integrated production process you should provide detailed information on the full costs of production of that input.

SECTION H
EXPORTER'S DECLARATION

☐ I hereby declare that ....(company) did, during the period of investigation export the goods under consideration and have completed the attached questionnaire and, having made due inquiry, certify that the information contained in this submission is complete and correct to the best of my knowledge and belief.

☐ I hereby declare that...(company) did not, during the period of investigation, export the goods under consideration and therefore have not completed the attached questionnaire.

Name :...

Signature :...

Position in Company :...

Date :...

Please refer to Exporter's Declaration Attachment. [CONFIDENTIAL ATTACHMENT]

SECTION I
CHECKLIST

This section is an aid to ensure that you have completed all sections of this questionnaire.

Section	Please tick if you have responded to all questions
Section A – general information	
Section B – export price	
Section C – like goods	
Section D – domestic price	
Section E – fair comparison	
Section F – exports to third countries	
Section G – costing information	
Section H – declaration	

Electronic Data	Please tick if you have provided spreadsheet
INCOME STATEMENT	
TURNOVER – sales summary	
AUSTRALIAN SALES – list of sales to Australia	
DOMESTIC SALES – list of all domestic sales of like goods	
THIRD COUNTRY – third country sales	
PRODUCTION – production figures	
DOMESTIC COSTS – costs of goods sold domestically	
AUSTRALIAN COSTS – costs of goods sold to Australia	

Please refer to Checklist Attachment.

Annual Report 2012

SSAB

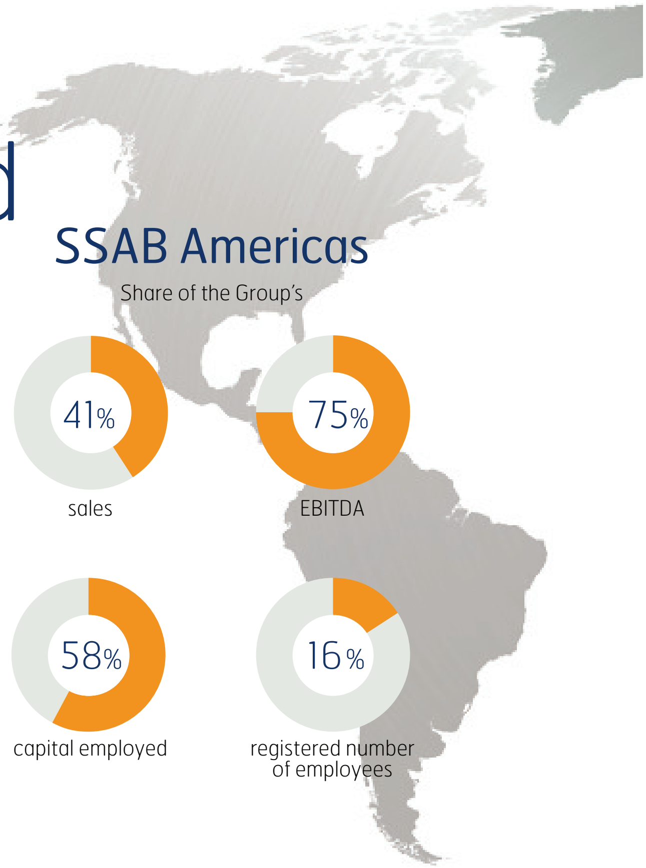
Content

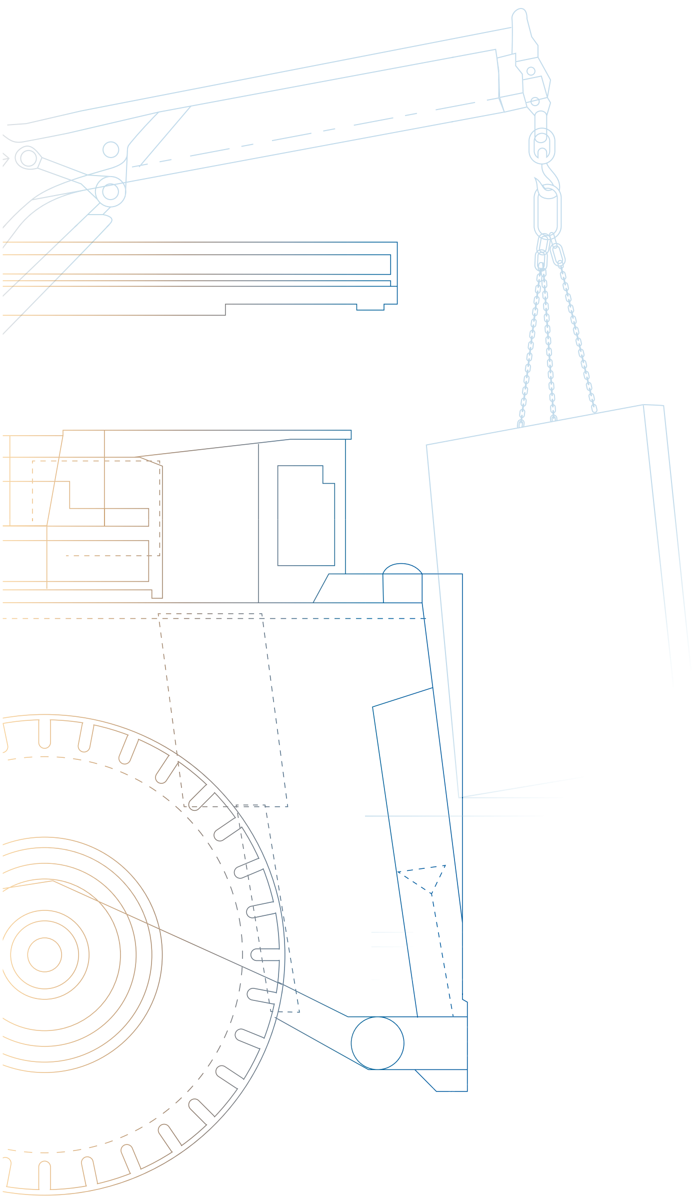
With SSAB's high strength steels, our customers are able to produce products that are lighter and stronger than if they had used standard steels. With the support from SSAB's experts, the customers develop processing, design and construction and in so doing, increase their profitability.

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

A stronger, lighter and more sustainable world

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





Niche products

share of total shipments

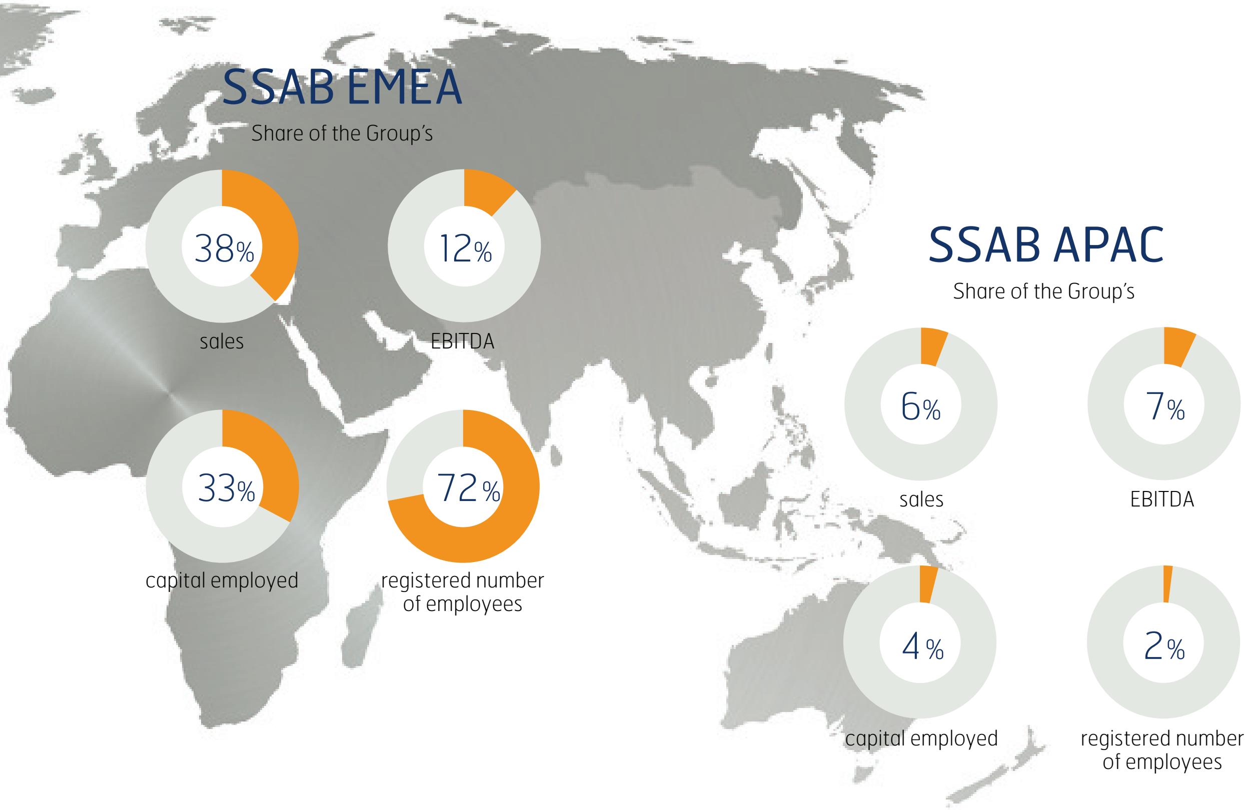
2012 **38%**

Proposed dividend per share

2012 **SEK 1.00**

Operating cash flow

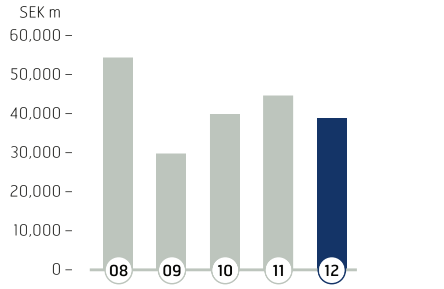
2012 **SEK 4,929m**



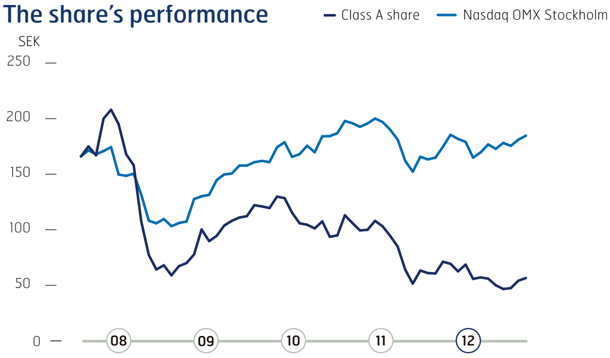
2012

- Sales of SEK 38,923 (44,640) million
- Operating profit/loss of SEK –96 (2,512) million
- Profit/loss after financial items of SEK –693 (1,998) million
- Earnings per share of SEK 0.05 (4.82)
- Operating cash flow of SEK 4,929 (2,821) million and cash flow from current operations of SEK 3,925 (2,200) million
- A dividend is proposed of SEK 1.00 (2.00) per share.

Sales, total

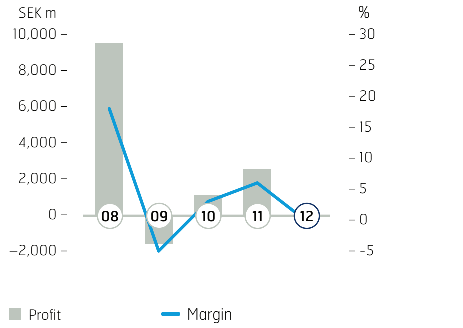


The share's performance

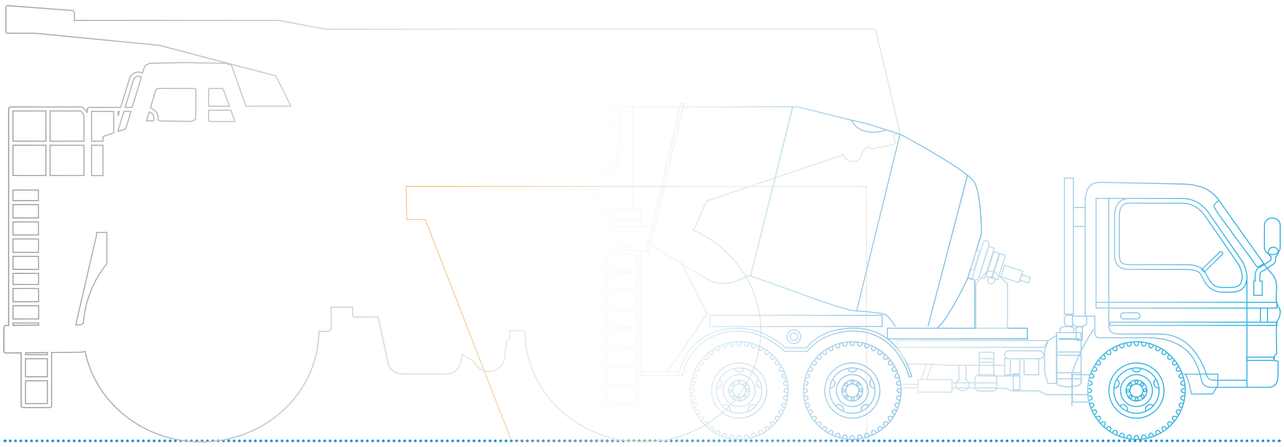


Source: Six Trust

Operating profit and margin



The year 2012



- Following a recovery at the beginning of 2012, the steel markets weakened during the second half of the year
- The weak trend affected the European market in particular, but also North American and Asian customers had a wait-and-see approach
- Steel prices generally came under pressure, although prices of quenched steels continued to show greater stability
- Prices of the most important input materials fell during the year
- An efficiency program was launched aimed at increasing SSAB's flexibility
- The major capital expenditure projects were completed and SSAB now offers a unique portfolio worldwide within quenched steels

Business overview

SSAB is a leading supplier within high strength steels. Following the completion in 2012 of major strategic capital expenditure projects, SSAB has a product portfolio within wear steels and structural steels which, in terms of quality, properties and dimensions, is unique. But SSAB is more than just steel. The offering is combined with value added services such as product development, processing, advanced logistics services, and aftermarket service. With this platform, SSAB is well placed to achieve its strategic targets.

» A stronger, lighter and more sustainable world «

SSAB's vision

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

SSAB's values

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

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

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

»We can probably not expect a particularly quick recovery, but we can ensure that we do our best to meet the challenges.

SSAB will be a winner in the steel world – also when times are tough.«

During 2012, fragile growth in the global economy left its impression on the steel industry. There is little to indicate any quick turnaround. Thus, the strategy of close cooperation with our customers, focus on product development and increasing flexibility in production, is critical for a continued strong SSAB.

Uncertainty regarding growth in China, the economic and political turmoil in Europe, and a slow US economy meant that the past year was tough for most of us in the steel industry. Many steel companies in Europe have mothballed production capacity. For our part, we have continued to keep one of the blast furnaces in Oxelösund closed. Capacity utilization in the Swedish operations was approximately 70 percent. In the US, we adjusted production to demand.

Profitability at varying utilization rates

At the beginning of 2012 we initiated an efficiency program in the Swedish operations in order achieve profitability also when not producing at full capacity. This involved a review of our production methods and a 10 percent reduction in white collar staff. During the fall, we also gave notice of redundancy involving 450 blue collar positions. The program also includes the sale or outsourcing of operations outside the core business, and is scheduled for completion in early 2013. We have also reached agreement with most of our employees in Sweden regarding a temporary reduction in work hours and pay.

»In order to retain our leading position we continue to develop new steel grades and new services.«

Clear strategy – Taking the lead

During the year, we conducted a review of our strategy which, as in the past, is essentially based on focusing on high strength steels. By increasing the share of high strength steels, we are less vulnerable to fluctuations in price and demand. In order to retain a leading position we continue to develop new steel grades and new offerings. We also continue to develop services, and at the same time we work closely with our customers. I would go so far as to claim that SSAB's customer offering in the form of process development, design and product development is unique.

More strategic targets

Today, we hold a leading position in our domestic markets; North America and the Nordic region. We shall retain this position in terms of both profitability and volume. At the same time, we will grow our business in emerging markets. Our objective is for high strength steels to account for 50 percent of our shipments in 2015, with the addition that 35 percent of those shipments going to emerging markets.

In order to achieve our strategic objectives, we continue to develop our business and our employees. A safe, accident-free working environment constitutes an important basis for being an attractive workplace. Since 2010, we have worked with a zero-tolerance perspective regarding accidents.

Unique product portfolio and production close to customers

During the year, we saw the completion of our strategic investment programs. In the fall, we inaugurated the new quenching line in Mobile. We are now able to produce two of our most advanced steel grades, Hardox and Weldox, in a mill which is most likely the best in the United States, and probably in the world. Together with production of thick plate in Oxelösund and the new quenching line in Borlänge, we can offer a unique breadth of quenched steels on a worldwide basis.

High price volatility

During the year, quenched steel prices demonstrated greater stability than the prices of standard steels which were under pressure during a large part of the year. Prices for iron ore fell during the year and we excercised our right to renegotiate our agreement with LKAB, our supplier of iron ore. The price of coal also fell during the first half of the year, but subsequently moved upwards. To a large extent, we have monthly contracts as regards coal. Scrap metal prices were volatile, but ended lower over the year.

Environmental measures with side-effects

Iron ore and coal are the most important input materials in our blast furnace-based operations. This process unavoidably results in large carbon dioxide emissions, despite the fact, that from an international perspective, SSAB's steel mills are very efficient. The new regulations governing emission rights which the EU is in the process of implementing are disturbing, since in all likelihood they mean that we will not receive an allocation corresponding to our production capacity. In the long term, this may result in steel production increasing in countries where emissions are not regulated, which benefit neither the European steel industry nor the environment.

The regulations governing vessel fuel are now becoming stricter. It is concerning that the regulations in the Baltic Sea are stricter compared with transportation on other waters within EU. This will distort the competitiveness and may lead to increased costs for the Swedish industry, since there are no well-functioning alternative modes of transport.

The steel markets were weak in 2012. In these circumstances, the loyal support and understanding shown by our emplyoyees have been invaluable. We can not expect a quick recovery in demand, but we can ensure that we do our best to meet the challenges. During the first half of 2012, SSAB was one of the most profitable steel companies in the world. We will regain that position. With our investments in place, our strategy for growth, and our skilled employees, I am convinced that we will succeed. SSAB will be a winner in the steel world – also when times are tough.

Martin Lindqvist
President and CEO

SSAB offers more than just steel

SSAB has a strong position as a leading supplier within the steel industry. Thanks to close cooperation with customers SSAB's solutions cover more than just steel and support the customers in becoming market leaders themselves.

During 2012, SSAB further developed the industrial leadership strategy on which the Company's focus has been based. The strategy, Taking the Lead, focuses on three areas in which SSAB is to be a leader.

SSAB shall be a global leader within high strength steels, the leading supplier in its domestic markets, and will strengthen its market position within added value services.

Leading within high strength steels

SSAB is a global leader within high strength steels and offers a unique breadth of products with different qualities and dimensions. The Company drives development by continuously creating new, innovative solutions and developing new grades of steel. The use of high strength steels is steadily increasing since, compared with standard steels, they possess considerable advantages in terms of performance, weight, stability and durability. In 2012, SSAB made further advances through production updates and extensive investments. In addition to market-driven research and product development, often in cooperation with customers, SSAB also engages in fundamental research together with industry organizations and universities.

SSAB markets its steels under its own product brands. The Hardox wear steel is one of the best-known brands in the steel world. Other brands include Domex structural steel, Docol for the automotive industry, and Toolox, which is targeted to the manufacturing industry.

Leader in domestic markets

In SSAB's domestic markets, North America and the Nordic region, SSAB delivers both high strength steels and standard steels. In 2012, over 65 percent of shipments of SSAB's steel were made to the domestic markets. SSAB is the leader within strip products in the Nordic region, while in North America SSAB is a leading supplier of heavy plate. As the leading supplier in its domestic markets, SSAB shall be the customer's first choice and number one in terms of both volumes and profitability.

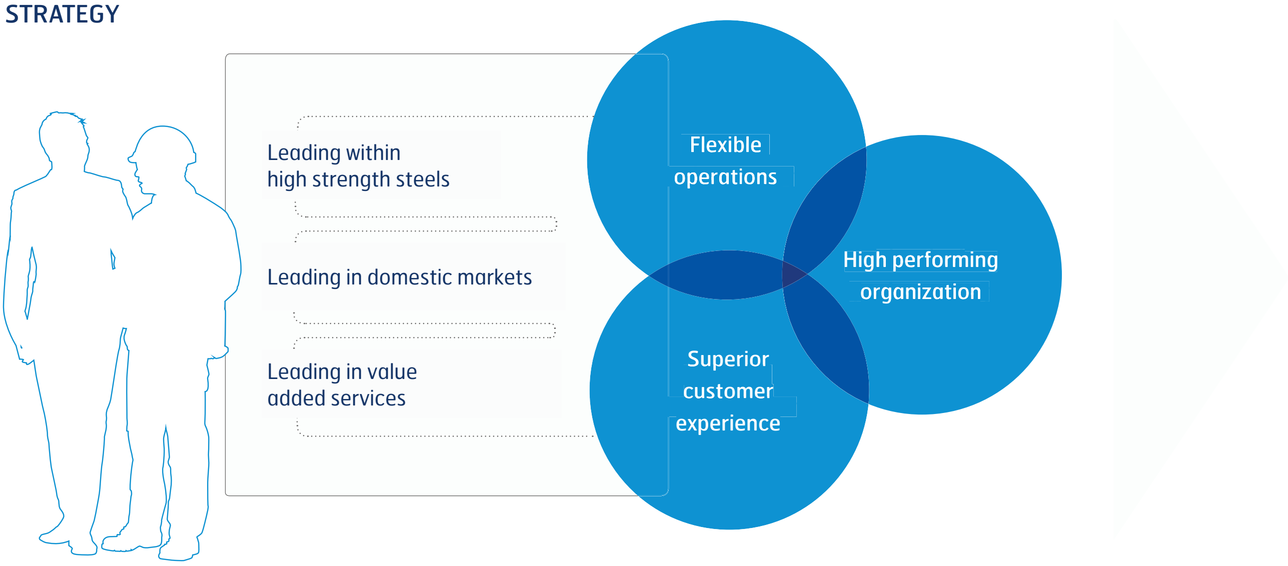
In addition to quality, crucial factors for the customer are timely deliveries and a close relationship with the supplier. SSAB's steel mills are located centrally in Sweden and in the US and the Company can quickly reach its customers and thereby limit transportation costs. The wholly owned distribution company Tibnor is an important channel for reaching out to the Nordic market. In North America, there are a number of supply channels including processing centers and warehousing centers which shorten distances to the customers.

Leading in value added services

By providing advice to customers at an early stage in the product development process, SSAB's experts contribute knowledge on how the qualities of high strength steels can be exploited to optimal effect and create new, innovative solutions. The development takes place in close cooperation with customers, either at the customer location or at one of SSAB's research centers.

The customer's production processes can often be made more efficient by shifting

STRATEGY



»The most innovative solutions are created when customer's knowledge of its applications is combined with our expertise within high strength steels. Thus, we always work as closely with the customer as possible.

In 2012, we broke the record and carried out almost 800 customer projects.«

Karl-Gustav Ramström, Chief Technical Officer

to production based on high strength steels. At SSAB, steel shipments are tailored to the customer's needs through cutting to size, painting or figure cutting, so they can be used directly in the customer's production.

In order to shorten delivery times to Asia, SSAB has constructed a finishing line in Kunshan, China where steel is customized locally and distributed to the customers. Additional finishing lines in other locations are planned in order to reduce delivery times further.

SSAB engages in aftermarket services by providing advice, repair work and spare part sales directly as required. This takes place through the Hardox Wearparts network in which SSAB – itself or through approved partners – repairs wear parts made of Hardox. The service offering creates added value and contributes an additional dimension to SSAB's vision of a sustainable world.

Thanks to the combination of SSAB's know-how within the production of high strength steels and value added services relating to the customer's steel products, SSAB enjoys a global leading position which distinguishes the Company from many other steel producers.

Close cooperation with customers

In order to maintain and strengthen its leading position, SSAB offer first-class cooperation and customer support as regards quality, availability, technical support, innovative product development, delivery precision, and breadth of the product offering. SSAB offers solutions which covers both products and related services, from the first indication of customer interest to completed delivery. In order to develop long-term customer relations, both the steel products and the value added services is constantly being improved and supplemented.

High-performing organization

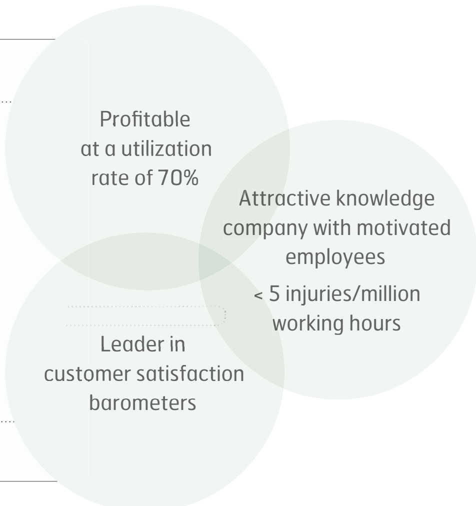
SSAB shall be a high-performing organization and the Company shall further strengthen and support employee initiatives.

STRATEGIC TARGETS

50% of shipments to be high strength steels, whereof 35% to emerging markets

Leading in terms of volumes and profitability in North America and in the Nordics

50% of shipments to include value added services



FINANCIAL TARGETS[1]

15%
return on capital employed

50%
equity ratio

30%
net debt/equity ratio

50%
distribution of profit

[1] For further information see www.ssab.com

Competence development plays a crucial role within SSAB. The competences of the future are determined by the activities undertaken today, which take place within all areas, among specialists, managers, and within production. Management training takes place at all levels, from potential managerial candidates to newly appointed managers, as well as to experienced middle and upper management.

SSAB has efficient plants and processes, with a strong focus on safety. Safety has the highest priority and constitutes a fundamental requirement for being able to do a good job.

»Today, SSAB has a global approach for both sales and production.

Through our expanded production capacity, SSAB can optimize the management of production, processing and stockholding to the most suitable Group unit. This is beneficial to both SSAB and our customers.«

Gregoire Parenty, Marketing Director

Increased flexibility in the operations

The global steel industry is rapid changes in the business environment. It is, therefore, important to be able to adapt production to market conditions and demand. In the US, SSAB manufactures heavy plate using electric arc furnaces, which allow for a high level of flexibility in the production process. Start and stop times are longer in Sweden, where production takes place in blast furnaces. In the beginning of 2012, an efficiency program was initiated aimed at reducing fixed costs and increasing flexibility throughout the production system. Through more flexible adjustment processes and structural changes within production processes, it will be possible to more rapidly adapt production to market conditions. The program is aimed at achieving profitability at 70 percent capacity utilization.

Thanks to production facilities in both Sweden and the US, SSAB is able to adapt production based on demand and cost structure at each plant. SSAB is thereby able to achieve maximum benefit from its global production system.

Short-term strategic priorities

Within emerging markets such as China, Russia, Eastern Europe and Latin America, use of high strength steels is at a low level. To increase customer demand in these regions, SSAB is strengthening its local presence within sales, logistical and technical support.

In more mature markets, SSAB cultivates specific customer sectors which are considered to have strong potential. For example, more service centra are planned in proximity to the mining industry to be able to assist the end customer on site. In order to strengthen the presence in the aftermarket, Hardox Wearparts will be established in more markets.

Value added services, for all major customer segments, are prioritized in order to offer customers comprehensive solutions through cooperation projects.

DOMEX® HIGH STRENGTH STEEL

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

HARDOX® WEAR PLATE

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

DOCOL® HIGH STRENGTH STEEL

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

WELDOX® HIGH STRENGTH STEEL

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

PRELAQ® COLORFUL BUILDING

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

ARMOX® PROTECTION PLATE

Armox is a protection steel for personal safety.

TOOLOX® TOOL & MACHINE STEEL

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

For more information about our brands and products see www.ssab.com

A specialist unit, that together with the customer, use the full potential of SSAB's high strength steels

Stefan Skans, Knowledge Service Center

Knowledge Service Center™ is a specialist unit which is actively engaged in developing new applications and assisting customers in upgrading their products and production processes based on an optimal use of high strength steels. The Knowledge Service Center comprises specialists within five areas who, each, focus on exploiting the full potential of SSAB's high strength steels:

- Structural Technology
- Forming Technology
- Joining Technology
- Wear Technology
- Production Efficiency

In order for development projects to be optimized from the start, it is critical that the Knowledge Service Center is involved at an early stage in the cooperation with the customer. Knowledge Service Center works on assignments from all of SSAB's customer segments.

The Structural Technology Group

The Structural Technology Group specializes in light-weight designs and dimensioning, and also carries out various forms of mechanical testing. Testing is focused on steel fatigue, since it is often fatigue which limits the use of high strength structural steels. When the higher strength of the steel is utilized to higher welding load tensions, there is an increased risk of fatigue damage. By understanding the mechanisms involved in the fatigue process, significant design improvements can be made using relatively modest means. In cooperative projects with customers, the Structural Technology Group engages in evaluating the customer's designs, and also carries out concept studies. Research and development focus primarily on fatigue and material modeling.

The Forming Technology Group

Customers often need education on how to form high strength steels. Design, tools and production methods need to be reviewed. If forming is carried out incorrectly, the steel will easily crack, since the high strength steels are hard and have a heavy spring-back. The primary task of the Forming Technology Group is to identify the best solutions for forming the steel. Forming covers everything from bending and pressing, roll forming, cutting and punching. The group simulates the forming process in order to study how the material performs and how to achieve the best result. In this way, it is possible to test and analyze the customer's requests. The group also engages in product development together with customers and internally, and also holds technical seminars and trainings.



The Joining Technology Group

Based on the Joining Technology Group's experience, it is rare that material is defective when a welded seam cracks. A crack in a welded seam or other defect is most often attributed to the actual welding process. When welding thick plate, it is important that the correct methods are chosen. Incomplete penetration where the edges of the welded seam are not entirely smelted, or the welded seam is wrongly situated is another common defect. The group works on assignments from customers by providing advice in conjunction with the development of new applications or by solving problems. Further, the group is active within internal research and development work, through test welding and testing of thermal cutting.

The Wear Technology Group

The Wear Technology Group works exclusively with wear steels. The group's work consists of testing wear steel, both in the field and in the laboratory. By compiling testing material, the group analyses how the material performs and behaves. The more information compiled, the better informed the customer is about how to use the material to the best advantage. In addition to assisting customers, the group also works on identifying new areas of use. When a new customer segment has been identified, the group produces presentation data showing the potential for using wear steels instead of standard steels. An important part of the work consists of presenting the advantages of wear steels at seminars which are held both for SSAB's employees and for customers.

The Production Efficiency Group

The Production Efficiency Group shows customers what they can gain by using high strength steels in their own products – both the benefit that the end customer obtains from the product and the actual savings in the production stage, through the use of less material and lower production costs. The savings in the use of material relate not only to steel but also filler material in conjunction with, e.g. welding. The group has developed a tool to calculate the potential saving when the customer upgrades to a high strength steel.

Report of the Directors

SSAB AB (publ)
Reg. no. 556016-3429

Business development

An uncertain global economy dampened demand for steel in 2012, leading to a reduction in sales compared with the preceding year. Thanks to continued efficiency improvements within inventory maintenance and other working capital, a strong cash flow was achieved despite a weak earnings trend. The strategic capital expenditure projects were completed during the year, resulting in increased flexibility throughout the production system and increased capacity in high strength steels.

Market development

The global steel markets in 2012 were characterized by uncertainty. The recovery from the financial crisis of 2008 remained cautious and demand from end customers has not yet returned to pre-crisis levels. At the same time, the European steel industry is characterized by excess capacity and is adapting to market conditions.

Slow recovery

During the first part of 2012, there was a positive trend in demand for steel compared with the weak quarter which closed 2011. Demand rose as a result of inventory reductions at the beginning of the year and announcements of price increases in many markets. As a result of political and economical uncertainty, many markets deteriorated during the second half of 2012.

The weakened economic prospects and the uncertainty in the financial markets, combined with customer caution, led to a fall in demand for steel during the latter part of the year. This resulted in weakened steel prices in the second half of 2012, especially within standard steels. However, prices stabilized towards the end of the year, albeit at low levels.

Regional differences in steel growth

According to the World Steel Association, global steel consumption grew by 2 percent in 2012; this was a fall from the 6 percent growth rate recorded in 2011. Europe developed weakly, with an estimated decline of 6 percent. The development in Southern Europe was particularly weak. Germany and the Nordic region showed somewhat higher stability.

Growth in steel demand also fell in Asia. The growth in Chinese steel consumption was a moderate 2 percent. Nevertheless, China remains the largest steel market, accounting for 45 percent of total global demand.

Within NAFTA, steel consumption demonstrated relatively strong growth and rose by 7 percent in 2012 compared with 2011.

Continued higher demand for high strength steels

Growth in demand for high strength steels continues to outstrip growth in demand for standard products. In 2012, demand for high strength steels grew within many customer segments, but the steel market in general was challenging. However, steel users work continuously to achieve cost reductions and lower weight in the products. This benefits demand for high strength steels. Growth is partly geographical, but demand is also increasing within new customer segments. In North America, the energy sector continued to benefit from, among other, a continued high level of gas exploration activity.

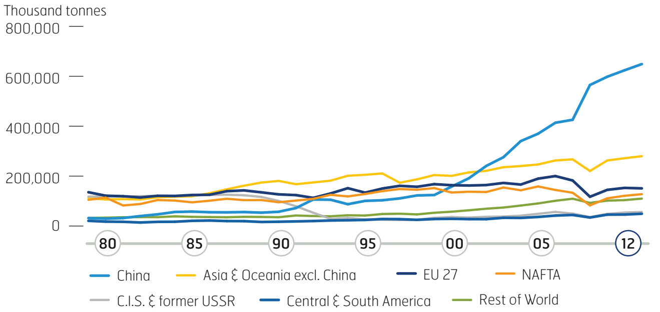
During the first half of 2012, demand from the truck industry and construction machinery manufacturing remained stable. During the second half of the year there were signs of a weakening in these segments. Within the automotive industry, the global recovery continued from low levels. The mining industry continued to be very active. However, during the latter part of 2012 the rate of growth slackened due to falling commodity prices.

Raw materials prices fell from high levels

During most of 2012, prices for iron ore and coal declined as expectations of growth in steel dissipated. In September, the iron ore index recorded its lowest listing, resulting in a fall of 40 percent compared with the second quarter. Prices recovered towards the end of the year.

Spot prices for coal also declined, recording a decrease of 28 percent from the beginning of the year. As a result, certain planned capacity expansion projects within the mining industry in, for example, Australia and South America, were postponed.

Steel consumption in the world



Crude steel production per market

Million tonnes	2012	2011	%
EU 27	**169**	178	–5
USA	**89**	86	+3
South America	**47**	48	–3
China	**717**	695	+3
Other Asia	**274**	270	+1
Other	**223**	223	+0
Global	**1,518**	1,500	**+1**

»Since 1999, the Swedish Steel Prize has been awarded for innovative designs in high strength steels. The aim of the prize is to inspire and increase knowledge about the properties of high strength steels and the opportunities to develop lighter, stronger and more sustainable products. In 2012, three finalists with innovations for forestry, recycling and train, were nominated. The winner was a scrap handling system developed by A-Ward Attachments Ltd.«

The scrap metal market in North America remained volatile. At the end of the year scrap prices were 16 percent lower compared with the start of 2012.

The steel industry is taking steps

The steel industry has mothballed production capacity in order to improve the balance in the market. In Europe, more than 20 blast furnaces were out of operation in 2012, thereby reducing steel production capacity by more than 10 percent. Despite this, the imbalance in the market persisted.

The European Commission has made the assessment that there is 20–25 percent excess capacity in the steel industry and it is working on a plan of action which is to be adopted in 2013. The plan of action is long-term in nature and is intended to support the European steel industry's global competitiveness.

Production and sales

Production was adjusted to weak demand and decreased for both crude steel and steel production. Shipments also declined, but slightly less for niche products than for standard steels. Niche products accounted for 38 percent of total shipments.

Production

Demand for SSAB's products increased at the beginning of 2012, though not as strongly as in the corresponding period of 2011 when inventory restocking by customers was more notable. It was possible to increase prices gradually, but towards the end of the first half of the year demand weakened in most of SSAB's markets. In Europe, underlying consumption of steel declined and prices once again came under pressure. In America, a slowdown in demand during the summer, concurrently with an increase in steel imports, led to a weak order inflow and squeezed margins. A similar market development occurred in Asia. Production was adjusted to the weak demand. The larger blast furnace in Oxelösund was restarted during the first half of the year, but at the same time the smaller blast furnace was shut down, and it remains out of operation. Production in the American operations was somewhat lower in the autumn, in response to the weaker demand.

Crude steel production and steel production for 2012 declined by 7 percent and 9 percent respectively compared with 2011 and amounted to 5,253 (5,671) thousand tonnes and 4,424 (4,888) thousand tonnes respectively.

Sales

SSAB's shipments during the year were 10 percent lower than in 2011 and amounted to 4,184 (4,661) thousand tonnes. Shipments of niche products fell by 7 percent compared with 2011 and amounted to 1,585 (1,713) thousand tonnes. All in all, during 2012 niche products accounted for 38 (37) percent of total shipments.

Sales during the year amounted to SEK 38,923 (44,640) million, a decline of SEK 5,727 million or 13 percent compared with 2011. An improved mix accounted for a positive effect of 3 percentage points and currency effects for 1 percentage point, while lower prices accounted for a negative effect of 5 percentage points and lower volumes for 12 percentage points.

For the entire Group, sales outside Sweden accounted for 80 (79) percent of total sales, as shown in the tables below.

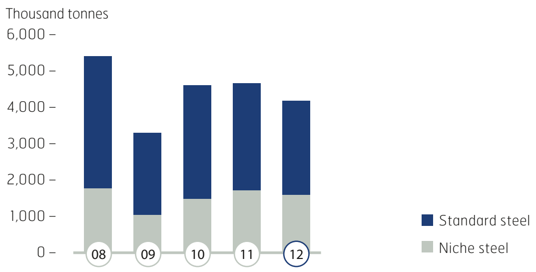
Sales in the largest markets

SEK millions	2012	2011	Change,%
USA	12,613	13,860	–9
Sweden	7,613	9,406	–19
Germany	2,078	2,471	–16
Canada	1,981	2,144	–8
Finland	1,423	1,691	–16

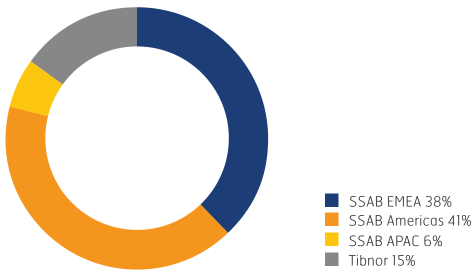
External sales per business area

SEK millions	2012	2011	Change,%
SSAB EMEA	14,839	17,849	–17
SSAB Americas	15,978	16,933	–6
SSAB APAC	2,318	2,811	–18
Tibnor	5,788	7,047	–18
Total	**38,923**	**44,640**	**–13**

Shipments



External sales per business area



» Scrap handling system "Mi-slide" – A-Ward Attachments Ltd – New Zealand. Recycling, which involves the use and transportation of metallic scrap, is important from an environmental perspective. A-Ward has designed a flexible and innovative system made of high strength steels which compress and pack metallic scrap in containers. The direct loading of the scrap onto the containers results in large savings in terms of cost and time. The risk of damage to the containers is reduced thanks to horizontal loading. Winner of Swedish Steel Prize 2012. «

Costs

Operating costs decreased during the year, mainly due to lower production volumes, a reduced work force and lower raw material prices. Spending in Research and development increased by 5 percent.

Operating costs decreased by 10 percent compared with the preceding year and amounted to SEK 39,500 (43,113) million (see Note 2). Of this amount, SEK 3,728 (4,224) million comprised purchases of products in the trading operations.

The remaining costs primarily comprised manufacturing, sales and administrative costs, amortization and depreciation, as well as costs for raw materials and energy.

The Group's cost structure is shown in the diagram on next page.

Manufacturing, sales and administrative costs

The costs are primarily costs for own personnel as well as materials and services. The workforce diminished during the year, mainly as a consequence of the efficiency program within SSAB EMEA, while gradual staffing of the strategic capital expenditure projects and the expanded sales force in SSAB APAC led to a certain increase in the workforce. Remuneration to employees amounted to SEK 5,201 (5,349) million. Maintenance expenditures, including materials and external services, were lower, in part due to the decrease in production but also due to the efficiency program.

Raw materials

Raw materials are priced in the world market and prices, which are primarily quoted in USD, are very sensitive to the steel business cycle. Iron ore and coal are the dominant raw materials for the blast furnace-based manufacturing in Sweden. Previously, price and delivery agreements were entered into annually at the beginning of the year. However, a transition to quarterly pricing occurred in 2010 and the price for part of the coal purchases is now set monthly. SSAB purchases approximately 60 percent of its annual coal needs from Australia, and the rest from the US Since the end of the first half of the year, an agreement has been in place under which SSAB purchases Australian coal in pace with actual consumption. Purchases take place from stocks owned by a subsidiary of the Royal Bank of Scotland and, through this solution, it was possible to reduce working capital needs at the end of the year by approximately SEK 0.6 billion.

The combined iron ore price in USD was 16 percent lower than in 2011, corresponding to a reduction of 12 percent in SEK.

The combined coal price in USD was 28 percent lower than in 2011, corresponding to a reduction of 23 percent in SEK.

Scrap metal is an important raw material for the North American operations with its two scrap-based steel mills. Scrap is purchased regularly without long-term contracts. Market prices for scrap in the US fell during the first half of the year, but recovered somewhat during the second half of the year. The price at the end of the year was approximately 16 percent lower than at the beginning of 2012.

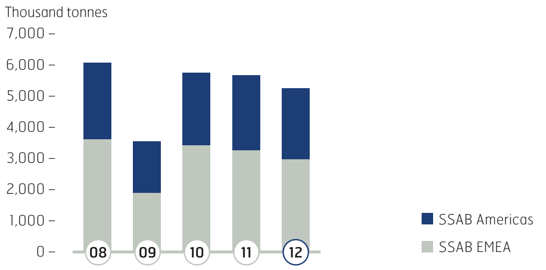
In total, raw material costs declined and amounted to SEK 16,918 (19,898) million.

Energy

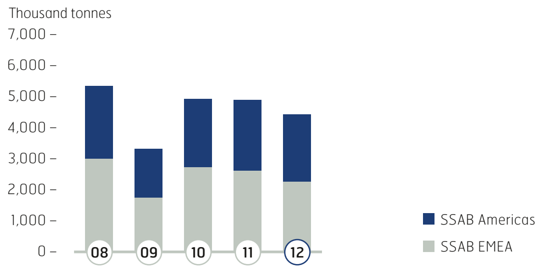
Coal is an essential reduction agent for removing oxygen from iron ore and constitutes one of the most important raw materials in iron ore-based steel production. Coal also provides approximately 85 percent of the energy for the Swedish operations.

Energy is otherwise provided through electricity, oil and LPG. In total, the Swedish steel operations consumed 1,172 (1,583) GWh of

Crude steel production



Strip and plate production



electric power and 1,278 (1,494) GWh of oil and LPG during the year. By utilizing the energy-rich gases that are formed during steel production, among other things electricity is produced at the OK3 heat and power plant in Oxelösund and in the half-owned energy company, Lulekraft. During the year, these plants produced 556 (702) GWh of electricity.

Electricity and natural gas represent significant energy costs for SSAB Americas and account for approximately 6 percent of the total steel plant production costs. SSAB Americas has a mix of long-term electricity agreements at fixed prices and short-term agreements.

In total, the Group's energy costs (excluding coal) amounted to SEK 2,307 (2,449) million.

Research and development

SSAB's research and development focuses on process development, product development, and customer applications. During the year, research and development investments amounted to SEK 235 (223) million, which is an increase with 5 percent compared with 2011. The strategy of market-driven research and development, focusing on the customer's business, continues to develop.

SSAB has continued to expand the product range with several dimensions (thicknesses and widths) and new grades of steel from the production plants in Oxelösund, Borlänge and Mobile. An important milestone during 2012 was the introduction of Domex 900, 960 and 1100 at the Euroblech 2012 fair. The new quench line in Mobile was taken into operation in 2012 and delivers both Hardox and Weldox to North and Latin American customers. SSAB extended the thickness range for certain Hardox and Weldox grades up to 160 mm.

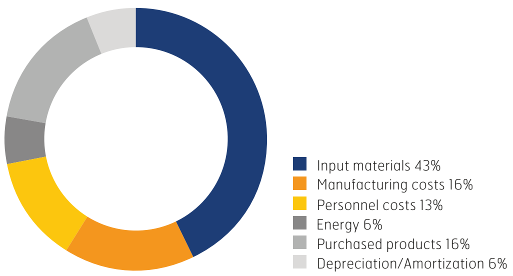
SSAB is able to offer support throughout the customer's entire development chain, from skills development to full-scale production and sales. Advanced customer project development grew with close to 70 percent compared to 2011. Particularly strong is the growth of customer development in the APAC region. The growth in the region is closely associated with the expansion of the research center in Kunshan. SSAB continued to increase the number of technical experts at this center during 2012.

The strategic research cooperation with SwereaKimab continues, and is on a continuous basis running around 20 projects aimed at developing the next generation of wear-resistant and high strength construction steels.

SSAB is also actively engaged in research and development in the environmental area, focusing on further reducing carbon dioxide emissions and identifying new applications for various residual products. One example is the development at SSAB's steel mills in Sweden of a new method for extracting vanadium from LD slag. As a result of this effort, SSAB has been able to ship the first trial deliveries of a vanadium enriched slag to selected ferro vanadium producers.

Important partners in the Group's research and development network include the Royal Institute of Technology, Luleå Technical University, Dalarna University, and the Swerea institutions (Swedish research). In North America, SSAB supports research activities at a number of universities, for example the Colorado School of Mines and Carnegie Mellon University. American Steel Association is also an important cooperation partner.

The Group's cost structure



70%

more customer development projects in 2012 compared to 2011

Results

Compared to 2011, operating profit declined and became negative for the full year 2012. The earnings per share was 0.05 SEK.

Profit/loss

Operating profit/loss declined by SEK 2,608 million and amounted to SEK –96 (2,512) million. The operating margin was thus 0 (6) percent. Operating profit before depreciation/amortization (EBITDA) was SEK 2,491 (4,857) million.

Changes in operating profit between 2012 and 2011

SEK millions	Change
Exchange rate movements compared with 2011	–60
Steel operations	
• Lower prices	–1,600
• Lower volumes	–1,300
• Lower capacity utilization (underabsorption)	–400
• Lower variable production costs	1,300
• Fewer sold emission rights	–274
• Cost for efficiency program	–55
Tibnor	
• Lower volumes, changes in mix and margins	–340
Lower fixed costs	270
Other	–149
Change in operating profit/loss	**–2,608**

Financial items for the full year amounted to SEK –597 (–514) million and profit after financial items was SEK –693 (1,998) million, a decline of SEK 2,691 million.

Tax

Tax amounted to SEK +708 (–438) million. The effective tax rate was –102 (22) percent. Tax was positively affected by 36 percentage points as a consequence of lower tax rates on positive earnings and higher tax rates on negative earnings in foreign subsidiaries. Tax was also positively affected by 36 percentage points, or SEK 253 million, through a revaluation of deferred tax liabilities in Sweden, since the Swedish corporate tax rate fell from 26.3 percent to 22.0 percent as from January 1, 2013.

Profit/loss and earnings per share

Profit/loss after tax was SEK 15 (1,560) million, or SEK 0.05 (4.82) per share.

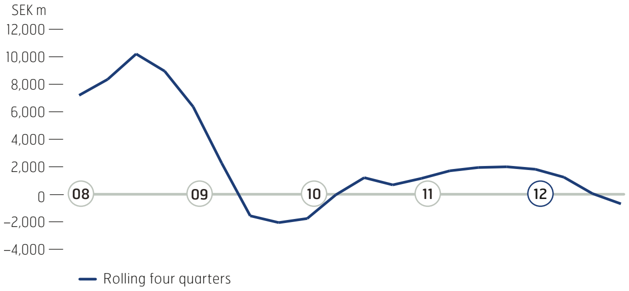
Return on capital employed

The return on capital employed before tax and return on equity after tax were 0 (5) percent and 0 (5) percent respectively.

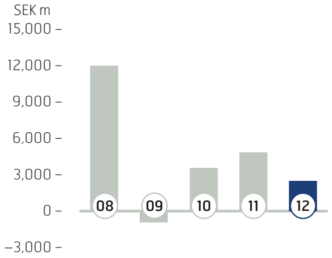
Goodwill impairment test

On November 30, the annual impairment test was conducted regarding the Group's goodwill. Goodwill at the turn of the year amounted to SEK 17,882 (18,911) million, of which in principle the entire amount relates to SSAB Americas. The result of the impairment test indicated no need for any write-down. For further information, see note 6.

Profit after financial items



EBITDA



»Light train seats "Regio and Regio+" – Borcad CZ s.r.o – Czech Republic. Borcad, which enjoys a strong position in the market for light train seats, has developed the next generation of train seats through a smart design made of high strength steels. The slim and yet robust seats are 25 percent lighter than their predecessors. At the same time, they more than satisfy established strength and collision safety requirements. Thanks to the high strength of the steel, protection is also provided against damage due to vandalism.«

Investments and liquidity

Capital expenditure during the year related mainly to the completion of the major strategic investments. The operating cash flow increased by 75 percent compared with 2011. The operating cash flow was positively affected by lower working capital, primarily reduced inventories.

Capital expenditures

Capital expenditure payments during the year, including business acquisitions, amounted to SEK 1,461 (3,603) million, of which SEK 656 (1,832) million involved strategic capital expenditures. The capital expenditure payments in 2011 also included SEK 393 million regarding the acquisition of the minority stake in Tibnor. The major strategic capital expenditure projects, comprising the direct quenching line in Borlänge, the quenching line in Mobile, and the finishing line in Kunshan, were completed during the year. The projects are described in greater detail under the respective business area. Depreciation/amortization was SEK 2,586 (2,345) million.

Liquidity

Net cash flow amounted to SEK 2,622 (–817) million. Net cash flow was affected by, among other things, capital expenditure payments of SEK 1,431 (3,111) million, of which SEK 656 (1,832) million involved strategic capital expenditures and SEK 30 (492) million involved business acquisitions. During 2012, the net debt fell by SEK 2,977 million and, on December 31, was SEK 15,498 million. As shown in the table below, the Group's liquidity preparedness, excluding commercial paper, was equivalent to 28 (26) percent of the Group's sales. The target is that liquidity preparedness shall at all times be equivalent to at least 10 percent of sales.

The Group's liquidity preparedness

SEK millions	2012, Dec 31	2011, Dec 31
Cash and cash equivalents	3,004	1,648
Committed credit facilities	8,695	11,693
Liquidity preparedness	**11,699**	13,341
• as a percentage of annual sales (rolling 12 months)	30%	30%
Less commercial paper	–866	–1,922
Liquidity preparedness excluding commercial paper	**10,833**	11,419
• as percentage of annual sales (rolling 12 months)	28%	26%

Operating cash flow

SEK millions	2012	2011
Operating profit/loss before amortization/depreciation	2,491	4,857
Change in working capital	2,974	–827
Maintenance expenditures	–775	–1,279
Other	239	70
Operating cash flow	**4,929**	2,821

The operating cash flow was SEK 4,929 (2,821) million. Cash flow was positively affected by lower working capital, especially reduced inventories.

Operating cash flow per business area

SEK millions	2011	2010
SSAB EMEA	2,260	1,261
SSAB Americas	2,390	1,296
SSAB APAC	99	24
Tibnor	378	356
Other	–198	–116
Operating cash flow	**4,929**	2,821
Financial items	–572	–481
Taxes	–432	–140
Cash flow from current operations	**3,925**	2,200
Strategic capital expenditures	–656	–1,832
Acquisitions of businesses and operations	–30	–99
Divestments of businesses and operations	31	–
Cash flow before dividend and financing	**3,270**	269
Dividend to the Parent Company's shareholders	–648	–648
Dividend to the minority in Tibnor	–	–45
Acquisition of the minority in Tibnor	–	–393
Net cash flow	**2,622**	–817
Net debt at beginning of period	–18,475	–17,589
Net cash flow	2,622	–817
Revaluation of liabilities against equity [1]	610	–155
Currency effects [2]	–255	86
Net debt at end of period	**–15,498**	–18,475

[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.

Financial position

Through continued refinancing, the average term to maturity of the Group's total loan portfolio has been maintained at approximately 5 years. The net debt/equity ratio declined by 6 percentage points and was 54 percent by the end of 2012.

Financing

During the year, continued refinancing has taken place aimed at maintaining an average term to maturity on the Group's total loan portfolio of approximately 5 years. During the year, a loan of USD 500 million was extended for a further 5 years, and a new loan of SEK 875 million was secured for a term of 3 years, with the possibility of extension. Towards the end of the year, a 5-year SEK-denominated bond of SEK1,000 million was issued. All in all, this meant that the average remaining term to maturity on the Group's total loan portfolio as of December 31 was 4.8 (5.1) years, with a fixed interest term of 1.2 (1.1) years. Of the loan portfolio of SEK 19,382 (20,547) million, SEK 956 (1,957) million comprised short-term financing and SEK 18,426 (18,590) million comprised long-term financing with an average term to maturity of 5.0 (5.6) years.

Equity

Following the addition of profit for the period of SEK 15 million and other comprehensive income of SEK –1,366 million (primarily comprising translation differences), and after deduction of dividend amounting to SEK 648 million, the shareholders' equity in the Company amounted to SEK 28,769 (30,768) million, corresponding to SEK 88.81 (94.98) per share.

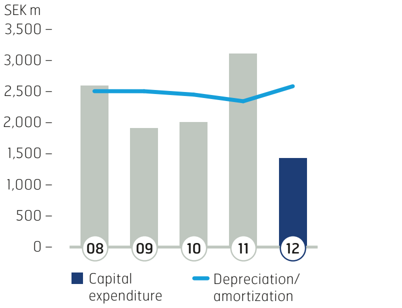
The net debt/equity ratio declined by 6 percentage points compared with the end of 2011 and was 54 (60) percent. The equity ratio was 49 (49) percent.

The targets for profitability and the net debt/equity ratio are shown in the section Financial Targets on page 7.

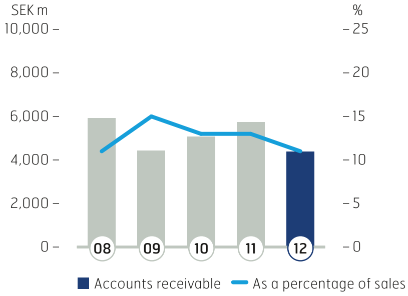
Dividend

The Board proposes that the Annual General Meeting issue a dividend of SEK 1.00 (2.00) per share, equal to SEK 324 (648) million. For considerations relating to the proposed allocation of profit, see note 30.

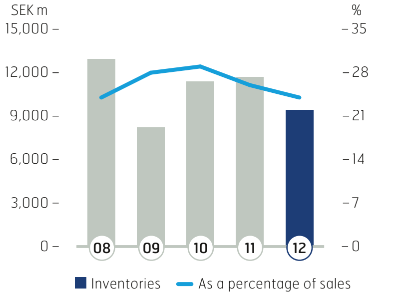
Capital expenditure and depreciation/amortization



Accounts receivable



Inventories



Business areas and subsidiaries

Tibnor

Tibnor is a leading steel distributor in the Nordic region and an important sales channel for SSAB's Swedish steel business.

In addition to direct sales from mills, Tibnor offers logistics solutions and production services which are becoming increasingly important for customers as they strive to reduce their own stock maintenance and increase production efficiency.

SSAB Americas

SSAB Americas is a leading supplier of heavy plate in North and Latin America.

During 2012, production began at the new quench and temper line in Mobile, which more than doubles quenched steel production capacity in the business area.

27% The niche products' share of the SSAB Americas' shipments

SSAB EMEA

SSAB EMEA is a world-leading producer of quenched steels and, thanks to the capital expenditure projects which were concluded during the year, SSAB offers a unique product portfolio.

An efficiency program was initiated during the year aimed at ensuring good profitability also in conjunction with lower capacity utilization rates. At the same time the service offering to support the customers was expanded.

47% The niche products' share of the SSAB EMEA's shipments

	SSAB EMEA		SSAB Americas		SSAB APAC	
SEK millions	**2012**	2011	**2012**	2011	**2012**	2011
Sales	20,258	23,768	16,173	17,099	2,318	2,811
Profit before depreciation and amortization	334	1,800	1,967	2,495	181	329
Operating profit/loss [1]	–930	649	1,568	2,109	167	324
Operating margin (%)	–5	3	10	12	7	12
Operating cash flow	2,260	1,261	2,390	1,296	99	24
Capital expenditures	759	1,837	570	1,206	76	166
Capital employed at year-end	15,925	17,969	28,292	31,090	1,934	1,385
Return on capital employed (%) [2]	–6	4	18	27	11	29
Number of employees at year-end	6,504	6,742	1,394	1,338	220	171

[1] For SSAB Americas, excluding depreciation and amortization on surplus values.
[2] Refers to return on average capital employed. For SSAB Americas excluding surplus values. Including surplus values the return for SSAB Americas was 2 (5) percent.

SSAB APAC

During 2012 SSAB APAC continued to develop the operations to further strengthen the presence in the region.

The activity in the new R&D center grew. The commissioning of the new finishing line leads to an enhanced service level to the customers through shorter lead times and more flexible shipments.

96%

The niche products' share of the SSAB APAC's shipments

Tibnor

SEK millions	2012	2011
Sales	5,961	7,244
Profit before depreciation and amortization	152	298
Operating profit	104	254
Operating margin (%)	2	4
Operating cash flow	378	356
Capital expenditures	25	32
Capitla employed at year-end	1,442	1,713
Return on capital employed (%)[1]	7	14
Number of employees at year-end	797	798

[1] Refers to average capital employed.

SSAB EMEA

SSAB EMEA is a world-leading producer of quenched steels and the leading supplier of strip steel in the Nordic region. Thanks to the capital expenditure projects which were completed in 2012, SSAB offers a unique product portfolio. An efficiency program was initiated aimed at ensuring profitability also in conjunction with lower capacity utilization, and at the same time the service offering to support the customers was expanded.

Europe

2012 began cautiously positive with an increase in demand, however not to the same extent as growth at the beginning of 2011. Demand was relatively stable within Construction Machinery, parts of the Heavy Transport sector, and within the mining industry. These segments have a high percentage of exports to countries outside Europe, a factor which sustained demand during the first half of the year. As the year progressed, underlying consumption of steel declined, and most markets within Europe became weaker, with inventory reduction and short-term order placement by customers. Demand during the first quarter was affected primarily by the recession in southern Europe. During the second quarter, demand fell also in Germany, with the Nordic countries and the emerging economies of Eastern Europe demonstrating the same pattern during the third and fourth quarters.

Sales of steel to the automotive industry declined, although the switchover to vehicle applications made of high strength steels is continuing – a factor which benefits SSAB EMEA. Southern Europe exhibited the weakest trend during the first half of the year, but towards the end of the year the automotive industry was affected also in other parts of Europe.

The downward trend in demand within the building industry continued, particularly in Northern Europe. In addition to the low level of activity within the private sector, support from public sector projects was limited due to an historically low level of investment within the EU.

Sales to Russia increased during the year, albeit from a low level. Demand was mainly from the mining industry and its aftermarkets. SSAB EMEA is planning to strengthen its local sales operations in Russia.

The Middle East/Africa

Growth in the markets in the Middle East and Africa significantly outpaced growth in Europe, although volumes are at a lower level. Going forward, SSAB EMEA anticipates that, through increased sales resources and a new sales organization, it will be able to increase sales, geographically and to an increased number of customer segments.

Demand for SSAB EMEA's steel in the Middle East was driven by the building industry and machinery manufacture, but there was also demand for wear steel for tippers and trailers.

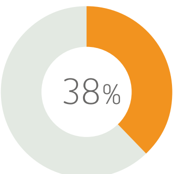
»In addition to the world's widest range of wear steels and high strength structural steels, SSAB EMEA also offers unique support in the customers' product development.«

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

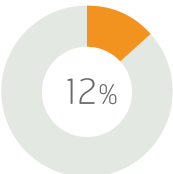
47%

The niche products' share of the business area's shipments

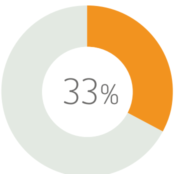
Share of the Group's



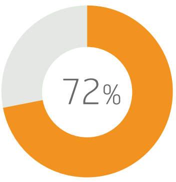
sales



EBITDA



capital employed



registered number of employees

In Turkey, demand began to weaken during the summer. Sales fell primarily within the automotive industry and to trailers and tippers within heavy transports.

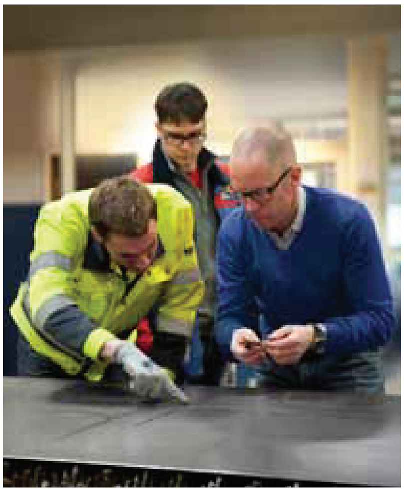
Sales to Africa are currently dominated by Hardox wear steel, which is well suited to the mining industry. During 2012, demand from the mining industry in southern Africa increased, even if the pace was reduced somewhat by a downturn in the fall. SSAB EMEA is planning to establish a mining excellence center in southern Africa in 2013.

Plannja

Plannja is a wholly owned subsidiary and operationally included in SSAB EMEA. Sales are focused on the building trade, sheet metal trade and building projects. In 2012, the operations were streamlined through the sale to Lindab of the sandwich panel production business. Since then, the product range comprises a complete range of flat and profiled building sheet, roofing tiles and rain water run-off products.

The 2012–2013 efficiency program

At the beginning of 2012, SSAB EMEA initiated an efficiency program aimed at ensuring good profitability also in conjunction with lower capacity utilization at the production plants in Sweden. Among other things, production is being optimized at various predefined capacity utilization levels. The program will result in permanent cost reductions of SEK 500 million. In addition SEK 300 million of fixed costs will be converted into variable costs.



On the revenue side, focus was intensified on supporting the customers in switching over to high strength steels, by assisting with technical expertise in the development phase of new products, processing of steel, production of components and efficient logistics solutions.

Capital expenditures

Total capital expenditures during the year amounted to SEK 759 (1,837) million, of which SEK 99 (750) million involved strategic capital expenditures. Installation of the new direct quenching line in Borlänge for the production of quenched steels was completed during the first quarter. Other, smaller strategic investments related to the switchover to more flexible production and more efficient logistics solutions, as well as investments in Poland and South Africa to increase capacity within processing and Hardox Wearparts. Investments were also made regularly within the scope of maintenance, environmental, health and safety projects.

Production and shipments

Towards the end of the first quarter, the larger blast furnace in Oxelösund, which had been out of operations since the summer of 2011, was restarted again. At the same time, production was stopped at the smaller blast furnace. The rate of production was adjusted in response to the weak demand and inventory reductions by customers.

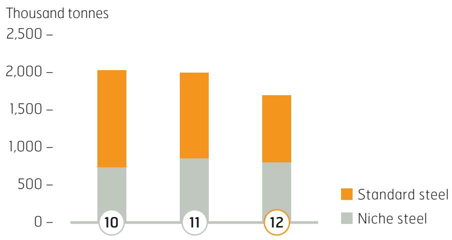
In Europe, strip products suffered most from the fall in demand. This had a big impact on SSAB EMEA, which is the largest producer of strip steel in the Nordic region. Demand for niche products was more stable. In 2012, niche products accounted for 47 (43) percent of total shipments.

Competitors

Competition in SSAB EMEA's markets continues to be intense. Excess capacity – especially within strip steel – and a weak demand trend led to pressure on prices during a large part of the year.

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

Shipments



Demand per customer and region 2012

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

SSAB Americas

SSAB Americas is a leading supplier of heavy plate in North and Latin America. During 2012, production began at the new quench and temper line in Mobile, which has more than doubled quenched steel production capacity. SSAB Americas has a broad product portfolio within standard plate and niche products, which has expanded with the growth in Hardox wear steel and Weldox structural steel. SSAB Americas has consolidated its strong position in a competitive market.

North America

During the first half of 2012, demand was strong within most segments. The market began to slow during the summer, with weaker demand from customers that was compounded by inventory reductions. This weaker market carried over into the fourth quarter. At the same time, heavy plate imports to North America increased to levels not seen since before the economic downturn in 2008. The result of decreased market demand and increased supply was a weaker order book and margin compression.

One of the strong spots in the North American market was the expansion within the natural gas market led primarily by the shale gas deposits throughout the United States and Western Canada. This segment and those related to it, such as suppliers and distributors of liquid energy, showed strong demand throughout the year. Sales to the wind power industry were strong in the first half of the year, but demand in the United States weakened in the second half.

US auto sales rose in 2012 with much of the growth in lighter weight and more fuel efficient passenger cars. The result of this market shift was that SSAB Americas recorded increased sales of steel to the North American automotive industry.

Growth within the mining industry and Heavy Transport led to increased demand for steel during the first half of the year. However, demand weakened after the summer, due to lower exports of finished products from the US, and a decrease in demand from the mining industry.

Demand for steel from the building industry had very slow but relatively steady growth over the course of the year both in the residential and non-residential markets. Demand from lifting crane manufacturers in 2012 rose as a result of this.

Sales within Protection & tooling increased during the year, but still account for a relatively small share of SSAB Americas' total sales. Within the segment, there was a fall in demand from the military sector, but this was offset by sales to the private sector.

Steel Service Centers' demand slowed and there was a destocking of inventories.

Latin America

Sales to Latin America increased in 2012, although underlying economic growth in the Latin American countries did not live up to the expectations from the beginning of the year.

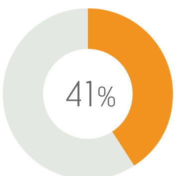
»The acquisition within overlay services demonstrates SSAB Americas' increased focus on supporting its customers through processed products and services.«

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

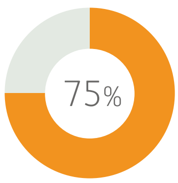
27%

The niche products' share of the business area's shipments

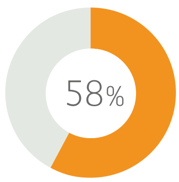
Share of the Group's



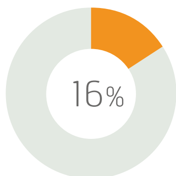
sales



EBITDA



capital employed



registered number of employees

Sales of SSAB Americas' high strength steels increased primarily in Brazil, Chile and Peru. Throughout Latin America, mining was the segment that showed the most strength and as a result, much of SSAB Americas' growth in 2012 is attributed to this segment. In the third quarter the capabilities of the mining excellence center in Santiago, Chile, was expanded. This facility gives SSAB Americas the opportunity to offer services beyond selling full plates to the customers, and is located in close proximity to the mining industry. Similar centers are located in Alabama in the US as well as in Montreal and Vancouver in Canada.

Tippers within the heavy transport segment also showed growth in Latin America, much of the growth benefiting from the mining industry. However the trailer side of this segment fell in 2012, especially in Brazil.

Sales to the automotive industry in Brazil were down due to increased competition from both local producers and imports from Europe and Asia. However, this was somewhat offset by growth in the Mexican automotive industry.

Within infrastructure, demand for steel benefited from major private and governmental investment in Brazil, some of which was spurred by the upcoming World Cup and the Olympic Games. Steel demand from the agricultural industry in Brazil also showed signs of strength with increased global demand for Brazilian groceries.

During the year, new strategic sales offices were opened in Colombia and Argentina in order to increase penetration in those targeted markets.

Capital expenditures

Total capital expenditures during the year amounted to SEK 570 (1,206) million, of which SEK 486 (1,048) million involved strategic capital expenditures. The second quench and temper line in Mobile was brought into commission during the second quarter, thereby increasing quenched steel production capacity by approximately 200 thousand tonnes, to a total of approximately 300 thousand tonnes. In addition of production of Hardox wear steel, production of Weldox structural steel also began at the Mobile plant.

Investments to grow the share of value added services included among other things, SSAB Americas' integration of Wear Solutions in Birmingham, Alabama, that specializes in chromium carbide overlay products. Smaller investments were also made in order to increase our capability to process Hardox and Weldox in Houston and St. Paul in the US and Santiago, Chile.

Environmental improvement investments were carried out in Montpelier.

Production and shipments

Due to weaker demand, production was slightly reduced during 2012. The new quenching and tempering line in Mobile has further strengthened SSAB Americas' competitiveness by increasing local production of high strength steels, reducing shipping times, and increasing flexibility. SSAB Americas assesses that its market share within quenched steels increased during the year.

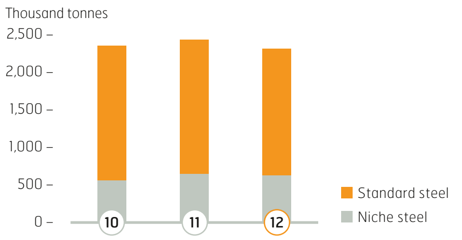
During 2012, niche products accounted for 27 (26) percent of total shipments.

Competitors

During the year, competition increased primarily due to increased imports of standard heavy plate. Both Asian and European producers strengthened their presence in the region.

Local competitors include Nucor, ArcelorMittal and Evraz in the US, Essar Steel in Canada and Usiminas in Latin America.

Shipments



Demand per customer and region 2012

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

SSAB APAC

During 2012 SSAB APAC continued to develop the operations to further strengthen the presence in the region. The activity in the new R&D center grew. The commissioning of the new finishing line leads to an enhanced service level to the customers through shorter lead times and more flexible shipments.

Asia, Australia and New Zealand

SSAB APAC's markets were also affected by the slowdown in the global economy in 2012. Demand for steel remained strong during the first half of the year, but shipments declined as a result of destocking by customers. This primarily involved customers within the automotive industry and manufacturers of mobile lifting cranes. Demand within most segments decreased during the second half of the year.

The mining industry is an important customer segment for SSAB APAC and demand continued to be strong at the beginning of the year. After the summer, though, the lower rate of growth in the manufacturing industry and falling commodity prices also impacted the mining industry. A degree of recovery occurred towards the end of the year.

China continues to be the major driving force in the region and the world's largest consumer of steel. During the second and third quarters, the Chinese government reduced the pace of investments and exports were negatively affected by the weak global economy. This primarily impacted the Chinese construction industry and machine manufacturers, who are important customers of SSAB APAC. China accounted for a relatively stable share of SSAB APAC's sales and 57 percent of revenues.

It was only during the second half of 2012 that the Japanese economy began to display clear signs of a recovery from the consequences of the March 2011 tsunami. From SSAB's perspective, recovery took place primarily among manufacturers of tippers and companies within the recycling industry.

Indonesia, an increasingly important market for SSAB APAC, enjoyed positive growth throughout the year, largely due to a strong mining sector. However, due to falling global market prices for coal and iron ore, demand declined towards the end of the year. In December, SSAB APAC opened a new warehouse on Kalimantan, Borneo to further enhance the service level through warehousing and logistics services.

For most of the year, Australia demonstrated continued strong growth within the mining and mining-related industries, but this demand also weakened towards the end of the year. Demand from other segments in Australia was weak throughout the year.

Only a small percentage of applications in India are based on high strength steels, and long-term growth in demand is considered to be good.

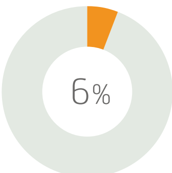
»By being able to tailor shipments in accordance with the customers' wishes, SSAB has strengthened the brand in the region and created a stable basis for continued growth.«

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

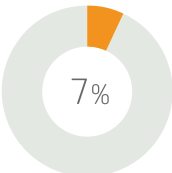
96%

The niche products' share of the business area's shipments

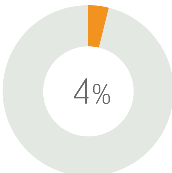
Share of the Group's



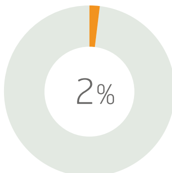
sales



EBITDA



capital employed



registered number of employees

During the year, SSAB APAC has developed value added services in both Kunshan and Singapore. By manufacturing and delivering components beyond metals, especially to crane producers and dumper and bucket manufacturers as well as wear parts to endusers, SSAB APAC has strengthened its cooperation with strategic customers.

SSAB APAC focuses solely on sales of high strength steels. In 2012, high strength steels accounted for 96 (98) percent of total shipments.

By increasing the number of members within Hardox Wearparts in Japan, Australia, China and Korea, market penetration within the region has increased and the Hardox brand has been strengthened. This development is expected to continue going forward.

Korea is extremely dependent on export industry and, among other, automotive manufacturing. Demand for steel in Korea therefore decreased due to the weakening in the global economy.

Capital expenditures

Total capital expenditures during the year amounted to SEK 77 (166) million, of which SEK 72 (164) million involved strategic capital expenditures. The largest investments were the completion of the finishing line and R&D center in Kunshan. Thanks to these investments, SSAB APAC has a stable basis for continued growth in the region.

The R&D center in Kunshan expanded its staff and equipment during the year, enabling the processing and development of new high strength steels applications as close to the customer as possible. Several customer projects were carried out aimed at developing applications such as tippers and buckets. Projects were carried out in close cooperation with the customers and with support from SSAB's Knowledge Service Center. The R&D center also trained customers and SSAB employees on how to best utilize the qualities of high strength steels.

Production and shipments

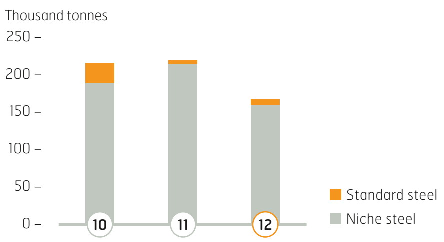
Beginning the second quarter of 2012, SSAB APAC gradually increased shipments from the finishing line in Kunshan. With the finishing line, SSAB APAC is able to receive semi-finished steel shipped from Sweden or the US, and customize the steel through cutting, blasting and painting. Lead times are thereby cut and delivery precision improved.

Competitors

Competition has increased within the region and consists of both European and local producers. Local producers have increased in number and offering, especially in China.

The local steel producers include the Japanese companies JFE and NSC/Sumitomo, the South Korean company Posco and Chinese companies Baosteel, Hebei, Wuhan, Shandong, and Nanjing, as well as the Australian company Bisalloy and Indian company Essar. European competitors include ArcelorMittal, Dillinger, ThyssenKrupp, Rautaruuki and Duferco Clabecq.

Shipments



Demand per customer and region 2012

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

Tibnor

Tibnor is a leading steel distributor in the Nordic region and an important sales channel for SSAB's Swedish steel business. In addition to direct sales from mills, Tibnor offers logistics solutions and production services which is increasingly important for the customers as they strive to reduce their stock maintenance and increase production efficiency. In Sweden, Tibnor accounts for more than one third of the steel distributors' market.

Steel and non-ferrous metal distributor

Tibnor enjoys a leading position within the steel and non-ferrous metal trade in the Nordic region and is the leading distributor in the Swedish market. It also operates in Norway, Denmark and Finland. In Norway, Tibnor operates not only under its own management, but also through two affiliated companies in which it holds 50 percent ownership.

76 (77) percent of Tibnor's sales in 2012 involved deliveries in Sweden. More than 40 percent of all steel delivered in Sweden is supplied through distributors. Tibnor accounts for more than one third of the distributors' market in Sweden.

Tibnor has more than 7,000 customers, with the most important customer segments being companies within the automotive, engineering and building industries. A significant proportion of Tibnor's customers within the automotive and engineering industries are suppliers to the Swedish export industry.

At the end of the year, the Tibnor workforce was approximately the same as in 2011, namely 797 (798) employees.

Stock maintenance, processing and direct sales

Tibnor's traditional core business lies within the areas of commercial steels and stainless steels, in which it provides a complete range of steel strip and plate, long products and specialty steels. In addition, the business operations include the sale of non-ferrous metals and building-related steel products.

During the year, demand declined within all product segments. During the first half of the year, demand weakened particularly within strip products. However, steel strip and plate still represent the largest product segment and accounted for 40 (42) percent of Tibnor's sales in 2012. Sales of reinforcement products experienced the strongest growth during the year, but remain the smallest product segment with 6 (5) percent of total sales. Towards the end of the year, Tibnor signed a cooperation agreement with PEAB to supply it with reinforcement products and commercial steels in Sweden, Norway and Finland. The agreement involves not only the supply of material but also constitutes a comprehensive solution which includes logistics, production and administration.

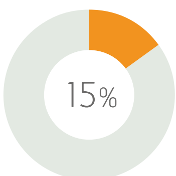
»The combination of a comprehensive distribution system together with cost efficient production services makes Tibnor a strong resource in the customer's own production.«

Mikael Nyquist, President Tibnor

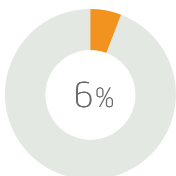
79%

of sales relate to inventory sales and processing

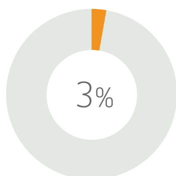
Share of the Group's



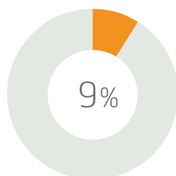
sales



EBITDA



capital employed



registered number of employees

Value added services in the form of logistics solutions and production services are of increasing importance for SSAB and Tibnor's customers. Through this service, customers are able to minimize their own inventories and integrate the products directly into their production processes, without pre-treatment. For example, Tibnor can customize steel strip by cutting lengthwise, cutting to size and shearing, and also process other materials at its own production plants through blasting, organic coating, figure cutting, etc.

In order to further strengthen value added services within the SSAB group, in 2012 Tibnor acquired its former cooperation partner E. M Eriksson Steel Service Center Aktiebolag in Borlänge. The company specializes in cutting, bending and laser cutting of high strength steels. Within other areas, Tibnor is complementing its own facilities by means of external production partners, enabling an enhanced value added offering to customers.

During the year, Tibnor also strengthened its network of distribution partners in Sweden. Market coverage is being increased through expanded cooperation agreements with approximately 15 distribution partners, enabling the company to be closer to its customers, and the logistics flow can be more efficient.

Within the non-ferrous metals area, Tibnor focuses on trading in non-ferrous metals for industrial use. As a distributor of aluminum, copper and brass, Tibnor is one of the largest players not only in Sweden, but also in Finland and Denmark. Demand for non-ferrous metals fell in 2012 and sales

declined by approximately 20 percent. The largest decline in sales was within aluminum, but sales of copper and brass also declined as a result of lower volumes and squeezed prices for non-ferrous metals.

During 2012, processing of steel and non-ferrous metals and inventory sales increased by 4 percentage points, compared with 2011, to 79 percent of total sales. The remaining 21 percent involved direct sales from mills.

Market

Demand normally increases at the beginning of the year in order to restock the inventory that the customers have reduced towards the end of the year. At the beginning of 2012, demand increased as normal, but weakened during the spring, with falling prices as a consequence. The summer is normally characterized by a seasonal weakening, which in 2012 was more severe than normal. The slow market continued during the rest of the year, among other things due to destocking by customers.

The downturn in demand was largest from the Swedish engineering and automotive industries, which rely heavily on exports. Demand from the building industry did not fall to the same extent and thus long products and reinforcement products were not affected to the same degree as other commercial steels.

Demand in Finland fell sharply, primarily manifesting itself in reduced volumes of strip products. Volumes to Denmark, which largely consist of strip products, were at approximately the same level as the previous year.

In total, shipments in 2012 declined by 12 (+3) percent. Sales fell by 8 (+8) percent.

Norsk Stål and Norsk Stål Tynnplater

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

Norsk Stål is Norway's largest steel distributor. Sales for the year decreased to SEK 2,236 (2,378) million and Tibnor's share of earnings was SEK 8 (20) million. There were 284 (266) employees.

Norsk Stål Tynnplater is Norway's largest Steel Service Center. Sales for the year decreased to SEK 576 (649) million and Tibnor's share of earnings was SEK 4 (3) million. There were 50 (49) employees.

Competitors

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

Demand per customer and region 2012

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

Sales by product area

SEK millions	2012	2011
Strip and plate	2,372	3,008
Long products	1,069	1,264
Engineering steels	947	1,130
Non-ferrous metals	576	729
Stainless steel	634	735
Reinforcement products	350	366
Other	13	12
Total	**5,961**	7,244

Short-term prospects

The demand for steel in EU during the first quarter of 2013 is expected to be somewhat higher than during the last quarter of 2012 due to restocking at the customers. The downward price trend has stopped, although announced price increases have not been realized.

In North America, the political decisions concerning fiscal matters are having a negative impact on demand for steel. Spot prices for standard plate have fallen during the first weeks of the year, while scrap metal prices have been stable. However, it is believed that a degree of inventory restocking will take place during the first part of the year, which is expected to have some positive impact on volumes during the first quarter, compared with the fourth quarter of 2012. In 2013, two maintenance outages will be carried out at the American plants. The first maintenance outage, which will take place during three weeks in March/April, is expected to have a negative impact on earnings of approximately SEK 150–200 million, slightly more of which will be incurred during the second quarter than in the first quarter. Planning for the second maintenance outage is underway; it is expected to be carried out towards the end of the third quarter or the beginning of the fourth quarter.

Steel customers in China are positively affected by the stimulus packages announced by the government and thus demand in the first quarter is expected to be somewhat stronger than in the preceding quarter.

Responsibility and governance

The steel industry plays a key role in the development of society. SSAB's high strength steels possess several advantages for sustainable growth, where the same objectives must be achieved using fewer resources. At the same time, steel production is energy-intensive, risk-filled and dependent on natural resources, and consequently is subject to stringent environmental and safety requirements.

Guidelines for the sustainability work

Through innovation and close cooperation with customers, the high strength steels lead to savings in resources, increased efficiency and product lifespan, and an improved total economy for the customer. As sustainability requirements increase, the relevance of SSAB's offering increases. SSAB work continuously on mitigating the impact on the environment, focusing on safety and work environment, as well as responsible relations with markets and suppliers.

Environmental and sustainability policy

SSAB has adopted an Environmental and Sustainability policy to support the organization in its day-to-day work. The policy entails, in brief, the following:

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

Code of business ethics

SSAB's Code of Business Ethics lays down guidelines for SSAB's behavior vis-à-vis stakeholders and in the market. The provisions of the Code take precedence over all other policies on a business area or subsidiary level, and in certain cases may be more far reaching than laws and regulations.

SSAB's Code of Business Ethics provides guidance within:

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

SSAB has issued special instructions regarding the prohibition of bribery. Diversity and equality of opportunity issues are addressed in a separate policy.

Risk awareness and systematic work

Management systems and plans of action ensure that the Group carries out its work on critical sustainability issues in a systematic fashion. Several different management systems and tools are used to effectively control the operations in accordance with SSAB's objectives, the Environmental and Sustainability Policy, and the Code of Business Ethics. Systems developed in-house as well as third-party certified systems are in place.

The environmental and climate work is taking place primarily within the scope of the ISO 14001 environmental management standard and via local energy management systems. The OHSAS 18001 standard for systematic health and safety work is being gradually implemented at all production plants.

Environmental and work environment risks are covered by SSAB's internal risk controls and internal audits. Insurable risks within the scope of SSAB's property and liability insurance are analyzed annually together with the insurance companies. Sound management of risks associated with injury to individuals and damage to the environment and plants is required for being able to obtain insurance coverage.

Whistleblower

A whistleblower function for the entire Group allows all employees to report serious irregularities and violations of SSAB's various policies.

SSAB SUSTAINABILITY REPORT 2012

Each year, SSAB publishes a separate Sustainability Report which reflects the most important aspects of SSAB's operations from a sustainability perspective. The report describes the activities conducted and results achieved during the year, as well as the more long-term systematic sustainability work. The GRI (Global Reporting Initiative) reporting standard is applied in the Sustainability Report and SSAB deems the report to be in compliance with level C. The Sustainability Report in its entirety also constitutes SSAB's annual Communication on Progress reporting to Global Compact. The Sustainability Report, in Swedish and English, is available in hardcopy or for downloading on www.ssab.com. In the event of any questions or comments, please contact SSAB via info@ssab.com.

Profitable environmental work

Environmental improvement work has continued during the year. Work in 2012 has focused primarily on promoting environmental, energy and climate issues. Long-term, focus is placed on efficiency improvements and innovations which reduce the environmental impact from production. The end of the year also signaled the start of the new emission rights trading period within the EU.

Most important environmental aspects

Steel production involves the large-scale use of energy and resources, and thus has a significant impact on the external environment. According to the World Steel Association, the global steel industry accounts for almost 7 percent of global carbon dioxide emissions.

In Sweden, SSAB's blast furnaces are among the largest sources of emissions in the country. SSAB's mills are among the most efficient in the world in terms of minimizing emissions, but there is still some room for further improvements. The impact on the local environment in the vicinity of SSAB's plants has decreased significantly in recent decades. Technical developments and increasingly stringent external demands dictate constant improvements in the operations. The most important environmental aspects for SSAB are:

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

More scrap metal in Luleå

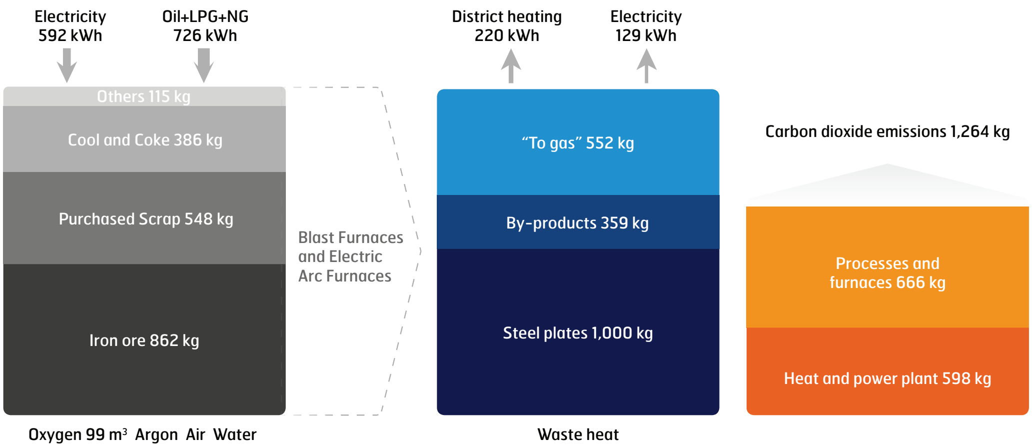
The establishment of Merox in Luleå has contributed to the blast furnace being able to use scrap metal as a complement to iron ore pellets, also during the winter season. Previously, the piles of scrap metal attracted moisture and froze during the winter. Merox has coordinated the work concerning the material flows despite temperatures of down to –35°C. In addition, in 2012 briquettes made by Merox from by-products from Oxelösund replaced iron ore as a raw material in Luleå. In 2012, savings of costs and resources continued with focus on identifying an optimal mix of scrap metal, LD slag and briquettes.

Allocation of emission rights 2013-2020

SSAB has been notified by the Swedish Environmental Protection Agency regarding a preliminary allocation of emission rights which corresponds to approximately 75 percent of the allocation in the preceding period. The proposal by the Swedish Environmental Protection Agency must be approved by the EU Commission in order to enter into force.

Heating stoves generate double gain

At the beginning of 2012, SSAB was able to observe the full effect of the new heating stoves at the smaller blast furnace in Oxelösund. The gains are significant from both an environmental and economic perspective. The savings were calculated to SEK 75–120 million per year, but overall the savings are larger. The heating stoves have provided a more stable operation, which is more efficient and reduces the impact on the environment. The stoves make the hot blast air which is injected into the blast furnace even hotter, and consequently less injection coal and coke per tonne of produced iron are required in the process. This reduces carbon dioxide emissions.



Materials and energy balance as well as carbon dioxide emissions from the production of one tonne of steel in the SSAB Group in 2012. The flows also include the heat and power plants in Luleå and Oxelösund, which primarily use residual gases from SSAB's operations.

China utilizes gas

In Kunshan, SSAB APAC has installed regenerative thermal oxidation (RTO) equipment which takes care of gases and waste heat from the painting line. The gases are recycled through the use, in preheaters and a drying oven, of the heat which is generated when the gases are burned. The investment represents the focus on recycling within SSAB APAC, and an internal environmental organization is also under development.

Continuous improvements in SSAB Americas

The environmental managers of Mobile and Montpelier are participating in cross-functional teams of people from across the organizations, to identify potential efficiency measures, including waste minimization and recycling opportunities, as part of the target to reduce operational costs in the steel works.

In Montpelier, a new baghouse for the melt shop was put into operation in November. Having this additional baghouse capacity in place is beneficial not only from an operational standpoint, but also from a safety and environmental aspect. The new baghouse improves the working conditions for the melt shop significantly by evacuating larger volumes of particulates generated during the melting and refining of steel scrap in the electric arc furnaces.

Baltic Sea carbon dioxide capture and storage project

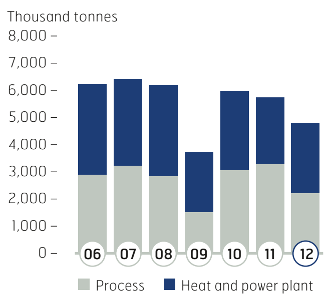
In 2012, SSAB decided to participate in a CCS (Carbon dioxide Capture and Storage) project in the Baltic Sea Region. The project, called BASTOR 2, is expected to last two years, ending in 2014. The project involves studying whether carbon dioxide can be stored in the deep sandstone formations that are found beneath the Baltic Sea.

The project takes a holistic approach and will describe consequences from both environmental and societal perspectives, and also legal aspects. In addition, possible infrastructure requirements for the transportation of carbon dioxide are to be studied. SSAB and a number of other Swedish industrial companies are participating in the project, which is supported by the Swedish Energy Agency and Global CCS Institute.

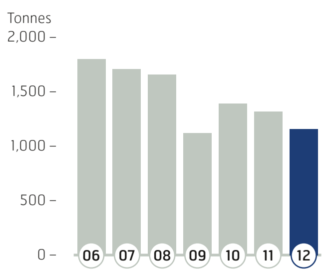
ULCOS-BF and HIsarna

SSAB is participating in two European cooperation projects within ULCOS, both of which are aimed at achieving a 50 percent reduction in carbon dioxide emissions generated in conjunction with steel production. One of the projects, called ULCOS-BF, involves an entirely new type of blast furnace in which carbon dioxide can be captured for storage. The preparations for converting one of ArcelorMittal's blast furnaces in France into a demonstration plant have proceeded in accordance with the plan to bring the plant into operation before the end of 2015. However, in the autumn ArcelorMittal announced that it do not intend to restart the furnace. SSAB and other project participants are studying the possibilities for continuing with the project. The second project, called HIsarna, which involves an entirely new type of process for producing hot metal and is being conducted on a pilot scale.

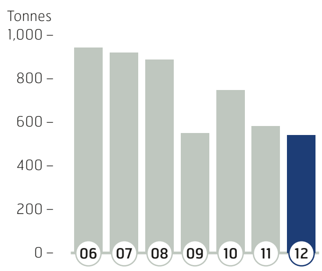
Carbon dioxide [1) 2)]



Nitrogen oxide [1)]



Dust [1)]



[1)] The reporting covers the Swedish operations at the plants in Oxelösund, Borlänge and Luleå. With respect to Luleå, emissions are also included from the half-owned LuleKraft, which bases its operations on SSAB's process gases. Transportation is not included. The information for 2012 is preliminary.
[2)] With respect to the Swedish plants, the emissions correspond to those reported within the EU's trading system.

During the year, a number of tests were carried out at the facility, which is located at Tata Steel's steelworks in IJmuiden in the Netherlands.

Vanadium project together with Mistra

During the year, the eight-year long Steel Eco-Cycle project, which was partially financed by Mistra, came to its conclusion. In one of the sub-projects, SSAB together with LKAB and Rautaruukki supported research regarding vanadium, in a project managed by Swerea Mefos. The research covers everything from basic research to industrial trials and the impact of vanadium on the environment. Vanadium is present in the iron ore which SSAB uses, and it has been a challenge to find ways to be able to utilize the vanadium, which is a useful alloying agent for the steel industry. The vanadium normally ends up in steel slag, and thus the possibilities to use the slag are limited. Among other things, the research project has resulted in a new method for the production of a commercial vanadium product, and this can now be implemented incrementally in SSAB's processes.

Permit matters and dialogue with government agencies

As part of the EU's Industrial Emissions Directive (IED), during the year the so-called BREF document (BAT Reference Documents) for the steel industry was translated. It describes what are considered to be the best available techniques (BAT) in the various process stages in the production of steel. One important point is that the emission values which can be achieved when using best available techniques will become binding values, equal to conditions, in each steel company's permit to conduct operations. Commencing 2014, the IED will apply to operations in Sweden that are subject to a permit requirement.

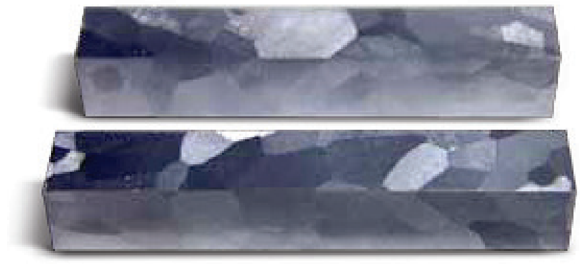
SSAB will partially finance the taking of test samples to investigate any contamination around the Dannemora mine, where SSAB has conducted operations in the past.

SSAB in Oxelösund has conducted extensive studies into emissions into the air and water, energy efficiency and noise in the immediate surroundings. These studies were submitted to the Land and Environmental Court in 2012 in the form of 12 trial period studies. SSAB in Luleå has carried out a number of studies into emissions of, among other things, dust and sulfur, which have been reported to the same authority. Decisions are expected in 2013.

SSAB Americas continues to engage in dialogue with local and federal authorities, both directly and through industry associations, to ensure they recognize the operational impact of proposed environmental legislation and changes to environmental regulations.

Environmental permits and legislation

In Sweden, the Land and Environmental Court establishes conditions for SSAB's operations, a process which is affected by decisions made within the EU regarding environmental legislation, among other things. In the US, the Federal Government and the US Environmental Protection Agency (EPA) play a corresponding role.



SSAB's operations are subject to environmental permits with hundreds of environmental conditions governing production levels, emissions into the air and water, noise levels, and rules regarding deposition sites.

All production units comply with the respective local environmental requirements and the Group holds mandatory environmental damage insurance as well as liability insurance covering damage to third parties.

The maximum permitted production levels for the Swedish operations are shown in the table. In North America, production levels are determined in the form of maximum permitted hourly production volumes.

Permitted production at the Swedish plants

Thousand tonnes	Locality	Permitted production	Production 2012
Coke	Luleå	1,100	**652**
	Oxelösund	530	**396**
Hot metal	Luleå	–[1]	**1,927**
	Oxelösund	2,000	**879**
Steel slabs	Luleå	3,000	**1,803**
	Oxelösund	1,900	**882**
Hot-rolled steel	Borlänge	3,200	**1,720**
	Oxelösund	820	**532**
Pickled steel	Borlänge	2,500	**1,133**
Cold-rolled steel	Borlänge	1,400	**717**
Annealed steel	Borlänge	650	**415**
Metal-coated steel	Borlänge	400	**284**
Organic-coated products	Borlänge	140	**74**
	Köping	30	**15**
	Finspång[2]	40	**17**

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

High performing organization

One of the cornerstones of SSAB's strategy is to be a high performing organization. This involves long-term work on developing and strengthening the performance culture, zero tolerance with regards to accidents, and continuing to be an attractive knowledge-based company. Developing employees and creating exciting career opportunities are important priorities.

Overarching priorities

Sourcing competence for the future represents a challenge for the steel industry and SSAB. SSAB is actively working to be considered an attractive employer and to promote the availability of the right competences in the labor market. Opportunities to develop in an exciting global organization and safe work environment are crucial factors.

To follow the strategy of being a high performing organization, SSAB focuses on the following priorities:

- Employee development
- Leadership
- Long-term sourcing of competence
- Equality of opportunity and diversity
- Safety in the work environment
- Preventive health care

Increased strategic focus

During the year, systematic work has been initiated to identify future competence requirements based on strategic initiatives. The aim is to identify, in a more structured manner, where critical competence exist in the company and where it will be needed in the future. In an initial phase, SSAB focuses on a number of critical competence areas in order to establish the methods and way of working in mapping competences against demand.

The successful implementation of the global capital expenditure projects for increased high strength steels production capacity is an acknowledgement of the Group's ongoing work with competence development and safety. Exchange of competences and experiences within the Group, together with a strong focus on safety, have been crucial factors behind the efficient implementation of SSAB's major projects in 2012 – the quench lines in Mobile and in Borlänge, the new finishing line in Kunshan, and increased capacity in Oxelösund.

Voice '12 reveals continued positive trend

During the year, SSAB conducted the Voice'12 employee survey across the entire Group. This is the third time since 2008 that a full-scale Voice survey has been carried out. The survey is intended for all employees and constitutes an important tool for managers at all levels with respect to continued work improvement and development of leadership. The 2012 survey was conducted in 12 languages, and the 86 percent response rate was the highest ever.

Results from Voice have shown a positive trend, despite fluctuations in the economic climate and the internal measures taken to reduce costs. The Employee Satisfaction Index (ESI), a gauge of how satisfied employees are with SSAB as an employer, increased from 84 percent in 2010 to 89 percent in 2012. One of the strategic objectives of the work on achieving a high performance organization is to achieve an ESI of more than 90 percent by 2015 at the latest. One explanation for the positive trend lies in the improvement work which has been carried out since the last Voice survey in 2010.

Employees in all business areas are also demonstrating increased commitment, and clarity with respect to their own goals and the Company's goals.

Reduced workforce

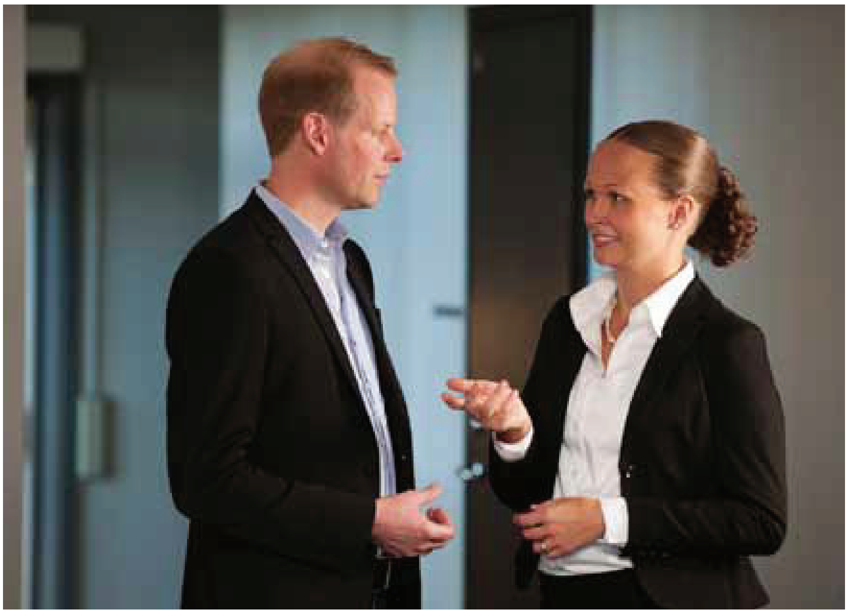
As a result of efficiency programs and a freeze on new hirings, SSAB EMEA's workforce decreased. In SSAB Americas, staffing of the new quenching line in

Average number of employees, gender breakdown

	Number of employees		Women, %	
	2012	2011	**2012**	2011
Parent Company				
Sweden	57	52	51	50
Subsidiaries				
Sweden	6,402	6,644	20	19
USA	1,273	1,239	12	12
Other	963	895	29	29
Total	**8,695**	8,830	**20**	19

Number of employees at year-end

	2012	2011	**Change, %**
SSAB EMEA	6,504	6,742	–4
SSAB Americas	1,394	1,338	4
SSAB APAC	220	171	29
Tibnor	797	798	–
Other	63	58	9
Total	**8,978**	9,107	**–1**



Alabama was the primary factor behind the increase in the workforce. In Asia the workforce increased, due to the investment in an expanded presence there.

New network for female managers

Together with nine other companies in Sweden, SSAB participates in a diversity initiative called Battle of the Numbers, which is aimed at increasing the number of women who hold senior corporate management positions. This is a way of contributing to achieving, in the long-term, greater equality in the sourcing of managers, increased profitability and competitiveness. The companies operate in different industries and represent in total 570,000 employees. Ten future or current female managers from each of the participating companies will act as internal consultants and be included in a network of 100 women. Their task is to produce proposals as to the specific work that each of their companies can do to achieve increased diversity, taking into consideration career paths and work life balance. Proposals are to be presented to each relevant Group management.

In 2012, women accounted for 18 percent of the managers, and 23 percent of the managerial candidates within SSAB.

Organization and flexibility in Sweden

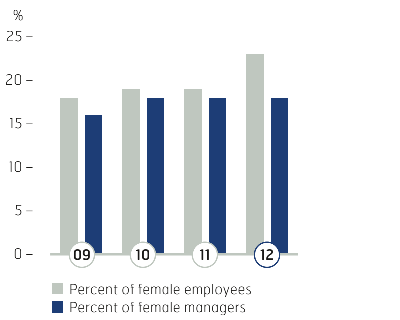
SSAB works to reduce costs and create higher flexibility in the organization in order to adapt operations to fluctuations in demand. During the spring, a review of the organization and white collar staffing was initiated, resulting in a reduction in the number of positions. Towards the end of 2012, a program was introduced involving a reduction of work hours and salary for employees in the Swedish operations. The program extends for six months and covers nearly 70 percent of all employees in Sweden.

In addition to the reduction of positions among the white collar staff, in October 2012 a notice of reduction of 450 positions, mainly within production, was given. The notice of redundancy covers 200 employees in Borlänge, 150 in Oxelösund and 100 in Luleå. SSAB is cooperating with the "Trygghetsrådet" outplacement service in order to support those employees concerned by redundancy in finding new employment.

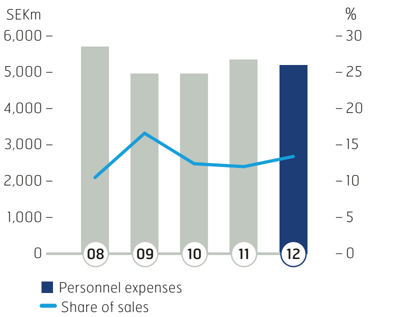
Work environment management system in place in SSAB EMEA

During the year, work was completed on implementation and certification of the Swedish plants in accordance with OHSAS 18001, work environment management system. All Swedish plants are now certified.

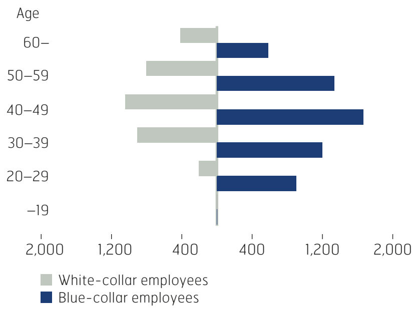
Equality



Personnel expenses



Age breakdown



The work has contributed to further strengthening procedures for safer work methods, creating clear instructions, and safer workplaces.

During 2012, SSAB EMEA conducted a safety audits of all major operations outside Sweden, namely in Poland, the Netherlands, the UK, Italy and South Africa. The aim was to ascertain the progress of safety work at each center and to exchange experiences. One example from the South African operation is "Toolbox talks", in which specific situations or issues are discussed at regular gatherings at the workplace. This can mean, for example, that routines concerning fall protection or personal safety equipment are discussed. During the year, the plant in Johannesburg, South Africa also became OHSAS 18001 certified.

Safety award to SSAB Americas

The Steel Manufacturers Association (SMA) in the US presented SSAB in Mobile with its most prestigious safety award, the Don Daily SMA Achievement in Safety, for 2012. SSAB Alabama was recognized for efforts related to contractor safety, program implementation, training, and continuous improvement. The award recognizes companies that emphasize safety and move the EAF steel industry forward in its safety stewardship.

Safety plan in place in China

In SSAB APAC, safety work has been a priority from the start. A safety committee meets each quarter and the safety plan for 2012 has focused on implementing policies for occupational health and safety, and to develop guidelines to support employees. As part of the systematic work SSAB has already identified a number of improvement areas highlighted in safety messages. There are also weekly "safety walks" when the area supervisors walk the workshop area to review safety.

In addition, SSAB held various safety training sessions, including firefighting and first aid. The safety work will be subject to third party assessment.

Another focus in 2012 has been on safety training for contractors in APAC, which include a developed contractor safety hand book to inform about SSAB standards.

Contractor reporting of accidents and near accidents

In SSAB Americas every contractor that is engaged for business or any contractor that wishes to be considered for business must register in the purchasing system. Since 2012, it is compulsory to complete a questionnaire regarding the contractor's safety preparedness, documentation that testifies to their safety programs being on par with SSAB Americas' program and requirements, and finally a historic safety track record.

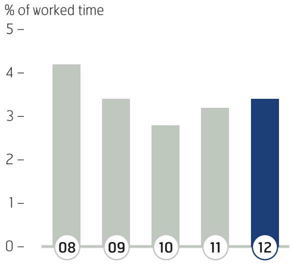
As of 2012, SSAB EMEA's 10 largest contractors are required to report in the same reporting system as SSAB. A pilot project has been started in Borlänge. The contractors must report risk observations, accidents and near accidents, and the results are analyzed by the local work environmental committee for contractors. The aim is to increase safety in the workplace for both contractors and SSAB employees. In Luleå, SSAB has also created a work environment forum for contractors. It provides the opportunity for collaboration and dialogue in jointly identifying solutions to safety challenges. The forum serves as a complement to the web-based safety training.

Accidents and sick leave

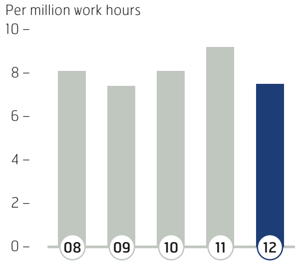
During 2012, the efforts focused on systematic safety work showed a positive trend with regards to the number of lost time injuries and accident frequency. Within SSAB EMEA, the work has led to appreciable improvements in accident statistics. In 2012, the Swedish plants were certified in accordance with the OHSAS 18001 work environment management system, which creates opportunities for further improvements. The operations in North America showed remarkably low accident figures and are industry leaders in terms of safety work.

With respect to sick leave, there has been a slightly negative development in 2012, indicating a trend which SSAB wishes to reverse. The focus on preventive health care within the scope of the reduced work hours program in EMEA provides an example of how SSAB is expanding preventive health care work. Within all parts of the business, SSAB offer some form of preventive health care to employees and this is an area in of continous focus.

Sick leave



Number of accidents



Responsibility in the supplier chain

The raw materials that SSAB uses in steel production constitute its most important purchases. Purchases are made from a number of suppliers throughout the world.

Guidelines and governance

SSAB has a procurement policy which governs all of the Group's purchases. SSAB is a member of UN Global Compact and applies its principles to the work with suppliers. SSAB's Code of Business Ethics reflects Global Compact principles and represents the most important control document with regards to work with suppliers. The Code of Business Ethics places particular emphasis on the abolition of forced labor and child labor.

In its contact with suppliers, SSAB communicates the Code of Business Ethics and encourages suppliers to comply with and respect the Code. SSAB has also developed Instructions regarding the prohibition of bribes. The Instructions provide employees with clear information on how SSAB defines bribery and improper benefits, and how employees are expected to act in relation to suppliers, customers and other business partners.

Systematic identification of the supplier risks

During 2012, a strategy was formulated for the entire Group governing the identification of supplier risks. The strategy places suppliers in various risk categories based on the countries in which the suppliers operate. It elucidates risks relating to, for example, human rights, labor conditions and corruption.

SSAB has more than 10,000 suppliers, and SSAB EMEA alone has approximately 6,000 suppliers. The risk identification survey is in progress. SSAB EMEA's risk identification survey has prioritized suppliers of raw materials. Stringent quality requirements and long-term business relationships provide the purchasing organization with a good insight into conditions at the suppliers. Within SSAB Americas, SSAB APAC, Tibnor and Plannja, work is also taking place aimed at matching suppliers against a risk map.

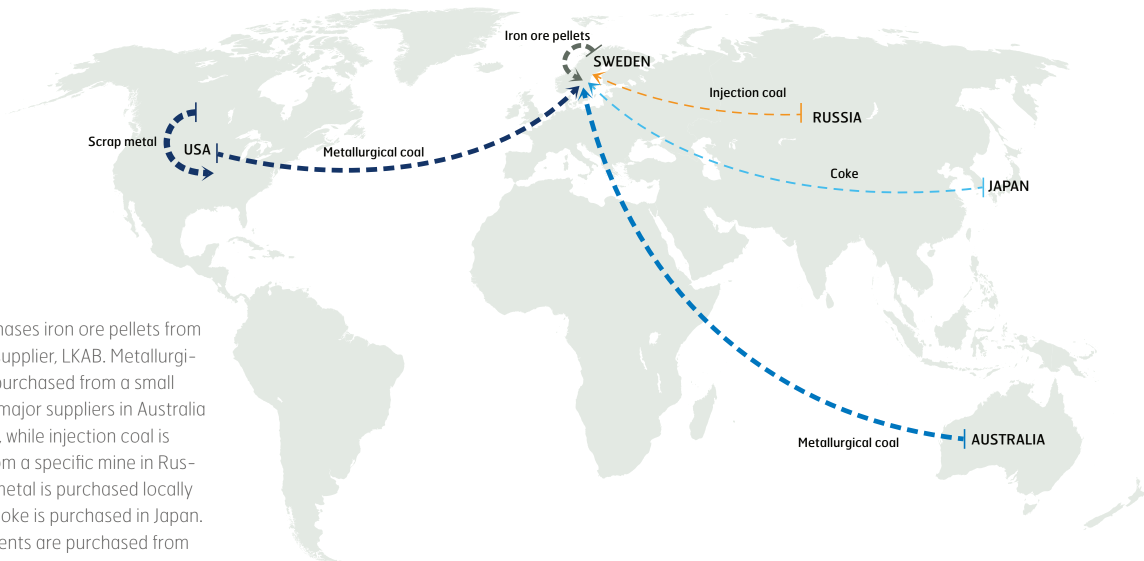
Assessment and measures

Work is taking place on developing a joint purchasing system for the Group. With a joint purchasing system for the Group, improved conditions will be created for the continued work on monitoring suppliers.

When the identification of supplier risks is completed and the purchasing system is in place, those suppliers who are placed in the classes medium level risk or high level risk will be required to complete a self-assessment form. Through the self-assessment, SSAB will obtain more information about, for example, social conditions and environmental conditions at the suppliers. Self-assessment questionnaires have previously been used within SSAB, but in the future SSAB will have a single self-assessment form for the entire Group.

During 2012, SSAB has informed and trained the purchasing organization within SSAB EMEA, Tibnor and Plannja about the ongoing work on developing a common strategy for identifying supplier risks. Training courses are also being planned in SSAB Americas and SSAB APAC.

Sources of SSAB's raw materials



SSAB purchases iron ore pellets from a Swedish supplier, LKAB. Metallurgical coal is purchased from a small number of major suppliers in Australia and the US, while injection coal is sourced from a specific mine in Russia. Scrap metal is purchased locally in the US. Coke is purchased in Japan. Alloying agents are purchased from some 30 different suppliers.

Compensation to senior executives

The Board's proposal for guidelines for 2013

For 2013, the Board proposes that compensation to the President and other members of the Company's executive management shall comprise:

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

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

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

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

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

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

Short-term variable salary components in 2012

For the President and other members of the Group Executive Committee, the short-term variable salary component for 2012 is linked to:

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

Long-term variable salary components in 2012

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

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

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

» Forwarder 1450 F – Gremo – Sweden. Within the forestry industry, the need for forestry thinning equipment is increasing. A forwarder is a vehicle which transports timber from the logging site to the road. Gremo has produced a carefully conceived and optimized new design which efficiently utilizes high strength steels. The 15 percent reduction in chassis weight leads to lower fuel consumption relative to payload. The forwarder's chassis has been designed for increased torsional stiffness, thereby improving off-road performance, and the engine's emission control is in accordance with the most recent EU directives. The manufacturing costs have been reduced significantly. «

Risk and sensitivity analysis

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

Significant risks and uncertainty factors

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

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

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

The work of identifying and analyzing the risks and deciding how, and to what extent, the risks shall be addressed is a prioritized area in the Group.

Risk and uncertainty in the Group's operations

Steel production takes place in a chain of processes, where disruptions in any part of the chain can rapidly have serious repercussions on the entire process. Thus, a disruption in the operations due, for example, to transportation obstacles and damage to assets resulting from, for example fire, explosions and other types of accidents, can be costly. Both work to prevent damage from occurring in the first place, and efforts to minimize the effects of damages if they do occur, is managed within the Group Risk Management organization. The Group's Risk Manager collaborates with those responsible for risk management in each business area. The risk work focuses on a Risk Management policy in which emphasis is placed on:

- Loss prevention work (initiate, coordinate and manage), and
- Risk and cost optimization (insurance management).

Both property insurance and business disruption insurance are held in order to minimize the costs resulting from this type of risk.

The risk that disruptions in one part of the process will have repercussions on other parts of the process can be minimized by keeping stocks of raw materials, work in progress, inventories of finished goods, as well as other types of inventory on as optimal a level as possible.

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

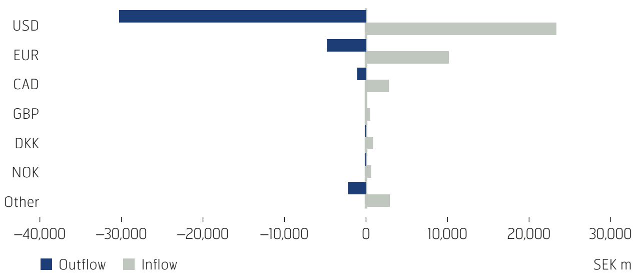
The niche strategy is contingent also on continued strong process and product development, and thus skills development in these areas is particularly important.

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

Financial risks

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

Currency flow 2012



REFINANCING RISKS (LIQUIDITY RISKS)

With its current financial targets, SSAB is a net borrower. Thus, a refinancing risk arises in connection with extensions of existing loans and the raising of new loans. The borrowing strategy is focused on securing the Group's needs for loan financing, with regard to both long-term loans and SSAB's day-to-day payment obligations to its lenders and suppliers. Borrowing takes place primarily through the parent company, taking into consideration the Group's financial targets. In order to minimize the refinancing risk, the objective is that the total of loans maturing during a single year shall not exceed 50 percent of the total debt portfolio. In addition, not more than 50 percent of the loans shall mature within the coming year. With respect to long-term financing, the target is an average term to maturity in excess of 3 years. The liquidity buffer, i.e. non-utilized and binding credit facilities as well as cash and cash equivalents, should exceed 10 percent of the Group's sales.

MARKET RISKS

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

INTEREST RATE RISKS

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

CURRENCY RISKS

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

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

The Group had a net inflow in all important currencies. The net foreign currency inflow in 2012 was SEK 2.6 (3.5) billion. The Group's most important currency flows are shown in the diagram on page 44.

CREDIT RISKS

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

Sensitivity analysis

	Change, %	Effect on profit, SEK millions	Effect on earnings per share, SEK [2]
Steel prices – steel operations	10	3,100	7.47
Volumes – steel operations [1]	10	320	0.77
Iron ore prices	10	400	0.96
Coal prices	10	330	0.79
Scrap metal prices	10	620	1.49
Interest rates	1%-point	100	0.24
Krona index [3]	5	310	0.75

[1] Excluding the effect of lower capacity utilization (underabsorption).
[2] Calculated based on a tax rate of 22 percent.
[3] Calculated based on SSAB's exposure without currency hedging. If the krona weakens, this entail a positive effect.

EMISSION RIGHTS

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

Risks and uncertainty in the steel industry

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

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

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

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

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

External risks

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

Sensitivity analysis

The approximate full year effect in 2012 on profit after financial items and earnings per share of changes in significant factors is shown in the sensitivity analysis table.

Corporate governance report 2012

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

Organization

The Group's steel operations in 2012 comprised the three geographic business areas: SSAB EMEA (Europe, the Middle East and Africa), SSAB Americas (North and Latin America) and SSAB APAC (Asia, Australia and New Zealand), as well as distribution operations through the subsidiary, Tibnor. The processing business, Plannja, is part of SSAB EMEA.

The diagram below illustrates SSAB's corporate governance model as per December 31, 2012, and how the central bodies operate.

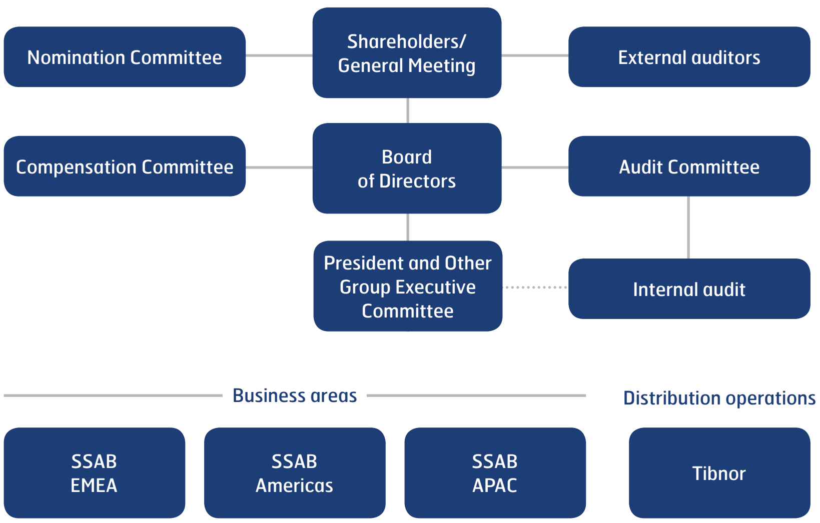
Deviations from the Corporate Code

During 2012, the Compensation Committee comprised Sverker Martin-Löf (Chairman), John Tulloch and Lars Westerberg. According to the main Rule 9.2 of the Corporate Code, the shareholders´ meeting-elected board members of the Compensation Committee must be independent in relation to the Company and company management. Since John Tulloch is considered to be dependent in relation to the Company, his participation in the Compensation Committee thus constitutes a derogation from the Code's rules. The Company currently conducts extensive international operations involving a large number of employees outside Sweden, not least in North America. John Tulloch possesses long experience from senior managerial positions in the North American steel industry. His knowledge of compensation principles and compensation structures in, primarily, the North American steel industry, constitutes an extremely valuable contribution to the Committee's overall ability to address international compensation issues in a purposeful and rational manner. Thus, the Company has made the assessment that the value of John Tulloch's participation in the Compensation Committee outweighs any possible disadvantages resulting from him not being deemed independent in relation to the Company. For these reasons, the Company considers the derogation from Rule 9.2 of the Corporate Code to be justified.

Shareholders

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

On December 31, 2012 there were 65,962 shareholders. In terms of votes, Industrivärden was the largest shareholder, followed by Swedbank Robur funds, LKAB and Nordea Investment Funds. 70 percent of the shareholders held 1,000 shares or fewer, while the ten largest owners together owned almost 40 percent of the total share capital. Foreign owners accounted for 27 (21) percent of shareholdings. For further information regarding the ownership structure, see page 112.



Important external and internal rules and policies which affect corporate governance:

Significant internal rules and policies

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

Significant external rules

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

Owners, December 31, 2012

Owner	% of votes	% of share capital	Number of shares
Industrivärden	22.6	17.6	56,860,957
Swedbank Robur fonder	5.7	6.00	19,373,803
LKAB	5	3.8	12,344,064
Nordea Investment Funds	3	2.5	8,233,403
Handelsbanken Fonder	2.7	2.5	8,103,841
AMF – Försäkring och Fonder	1.8	1.6	5,294,400
Alecta Pensionsförsäkring	1.7	2.2	7,088,000
Skandia fonder	1.6	1.3	4,094,268
Other shareholders	55.9	62.5	202,542,039
Total	**100.0**	**100.0**	**323,934,775**

Source: Euroclear

General meeting

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

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

2012 Annual General Meeting

The 2012 Annual General Meeting adopted the annual report and consolidated financial statements for 2011 as presented by the Board and the President, decided on the allocation of the Company's profit, and granted the directors and the President discharge from liability.

In addition, the Chairman of the Nomination Committee described the work during the year and the reasons for the presented proposals. The General Meeting decided on compensation to the Board and auditors in accordance with the Nomination Committee's proposals. Anders G Carlberg, Jan Johansson, Martin Lindqvist (President and CEO), Annika Lundius, Sverker Martin-Löf (Chairman), Anders Nyrén, Matti Sundberg, John Tulloch and Lars Westerberg were re-elected as directors. The General Meeting decided that the number of auditors would comprise a registered firm of accountants. Pricewaterhouse-Coopers was re-elected for a term extending up to and including the 2013 Annual General Meeting. The General Meeting decided that the dividend would be SEK 2.00 per share. A quorate Board and the auditor-in-charge were present at the Annual General Meeting. Minutes from the Annual General Meeting are available on www.ssab.com.

Nomination Committee

THE NOMINATION COMMITTEE'S DUTIES

The Nomination Committee's duties include presenting proposals to the Annual General Meeting regarding Chairman of the Board, Directors, Auditors, Chairman of the Annual General Meeting, Fees to the Board and Fees to the auditor.

PROCEDURE FOR THE APPOINTMENT OF THE NOMINATION COMMITTEE

The 2012 Annual General Meeting adopted a procedure regarding the appointment of the Nomination Committee. The procedure applies until amended through a resolution adopted at a future general meeting. According to the procedure, the Chairman of the Board is charged with the task of requesting no fewer than three and no more than five of the largest shareholders in terms of votes to each appoint a member to constitute a Nomination Committee together with the Chairman of the Board. There may be no more than six members in total. The Chairman of the Nomination Committee shall be the representative of the largest shareholder. The composition of the Nomination Committee was announced on the Company's website, www.ssab.com on October 5, 2012.

Nomination Committee for the 2013 Annual General Meeting

Appointed by, name	Share in % of voting capital as per December 31, 2012
Industrivärden, Anders Nyberg, Chairman	22.6
Swedbank Robur fonder, Åsa Nisell	5.7
LKAB, Lars-Erik Aaro	5.0
Alecta Pensionsförsäkring, Kaj Thorén	1.7
Sverker Martin-Löf, Chairman of the Board	–

Until December 31, 2012, shareholders have been able to submit proposals to the Nomination Committee, among other things by e-mail. The Nomination Committee's proposals are published not later than in connection with the notice to attend the Annual General Meeting. In connection with issuance of the notice to attend the Annual General Meeting, the Nomination Committee will publish a detailed statement regarding its proposal for a Board, on www.ssab.com.

THE NOMINATION COMMITTEES WORK PENDING THE 2013 ANNUAL GENERAL MEETING

Since being appointed in the autumn of 2012, the Nomination Committee has met three times. The Chairman of the Board has described to the Nomination Committee the process applied in the Company in conjunction with the annual evaluation of the Board of Directors and the President, as well as the results of the evaluation. In addition, the Nomination Committee was informed of the results of the evaluation of the Chairman of the Board, at a meeting at which the Chairman was not present. At one of its meetings, the Nomination Committee also met the Company's President, who informed the members about the Company's operations and strategy. The Nomination Committee has discussed the composition of the Board and agreed on the main demands which should be imposed on the directors, including the demand for independent directors. In this context, consideration has been given to the issue of a more equal gender division. The Nomination Committee engages in continuous work on identifying and evaluating potential new directors.

In producing proposals for fees to the Board and its committees, the Nomination Committee has, among other things, conducted a comparative study of the levels of board fees in similar companies. In producing its proposals regarding the election of auditors and fees for audit work, the Nomination Committee has been assisted by the Audit Committee.

The Board of Directors

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⑥ ⑧ ⑤ ②

⑩ ⑪ ⑫ ⑬ ⑭ ⑮

Appointed by the Annual General Meeting

	Director	Elected to the Board	Shareholding[1]	Prvious appointments	Current appointments
1	Sverker Martin-Löf, Chairman since 2003 (1943) Licentiate of Technology, dr h.c.	2003	21,563 shares	Formerly President and CEO of SCA.	Board Chairman: Industrivärden and SCA. Deputy Board Chairman: Ericsson. Director: Handelsbanken and Skanska.
2	Anders G Carlberg (1943) M.Sc. in Economics.	1986	6,000 shares	Formerly President and CEO of Nobel Industrier, J.S. Saba and Axel Johnson International and Executive Vice President of SSAB.	Board Chairman: Höganäs. Director: Axel Johnson Inc., Mekonomen, Beijer Alma, Sweco, Investment AB Latour and Sapa.
3	Jan Johansson (1954) LLM.	2011	5,000 shares	Formerly President and CEO of Boliden as well as senior positions within Vattenfall and the Shell Group.	President and CEO of SCA. Director: SCA and Handelsbanken.
4	Martin Lindqvist, President and CEO (1962) B.Sc. in Economics.	2011	17,109 shares	Employed at SSAB since 1998. Formerly Head of Business Area SSAB EMEA, CFO of SSAB and Chief Controller, NCC.	President and CEO of SSAB. Chairman of the Council of Jernkontoret (Swedish Steel Producers' Association). Director: Indutrade and Employers' organisations with the focus on industry.
5	Annika Lundius (1951) LLM.	2011	7,000 shares	Formerly Legal Director and Financial Council, Swedish Ministry of Finance and CEO, Confederation of the Swedish Insurance Industry and Employers Association.	Deputy Director-General of the Confederation of Swedish Enterprise. Director: AMF Pension.
6	Anders Nyrén (1954) M.Sc. in Economics, MBA.	2003	2,812 shares	Formerly Executive Vice President of Skanska.	President and CEO of Industrivärden. Board Chairman: Sandvik. Deputy Board Chairman: Handelsbanken. Director: Ericsson, Ernströmgruppen, Industrivärden, SCA, Volvo and the Stockholm School of Economics.
7	Matti Sundberg (1942) Mining Counselor, M.Sc. in Business and Economics, Ph. and Econ. dr h.c.	2004	15,000 shares	Formerly President and CEO of Valmet/Metso and Ovako Steel.	Board Chairman: Chempolis and the Finnish Ski Association. Director: Boliden, Skanska, Grängesberg Iron and FIS.
8	John Tulloch (1947) Bachelor of Agricultural Science, M.Sc.	2009	15,000 shares	Formerly Executive Vice President, Steel & Chief Commercial Officer of IPSCO and Executive Vice President of SSAB & President Division IPSCO.	
9	Lars Westerberg (1948) M.Sc. and MBA.	2006	10,000 shares	Formerly President and CEO of Gränges; President, CEO and Chairman of Autoliv.	Board Chairman: Husqvarna. Director: Volvo, Sandvik, Stena and Meda.

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

Appointed by the employees

	Director	Elected to the Board	Current appointments
10	Peter Holmer (1958) [1]	2012	Mechanic, SSAB EMEA
11	Bert Johansson (1952)	1998	Electrician, SSAB EMEA
12	Ola Parten (1953)	2005	Engineer, SSAB EMEA
	Alternates		
13	Sture Bergvall (1956)	2005	Electrician, SSAB EMEA
14	Uno Granbom (1952)	2008	Technician, SSAB EMEA
15	Patrick Sjöholm (1965)	2011	Automation engineer, SSAB EMEA

[1] Took up the position on October 25, 2012 and replaced Per Scheikl.

THE BOARD'S RESPONSIBILITIES

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

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

THE BOARD'S RULES OF PROCEDURE

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

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

CHAIRMAN OF THE BOARD

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

COMPOSITION OF THE BOARD

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

THE BOARDS WORK IN 2012

In 2012, eight meetings were held at which minutes were taken and the Board was at all times quorate. SSAB's General Counsel, who is not a director, served as secretary to the Board.

During the year, SSAB's Board has worked on endeavoring to counteract the negative repercussions on the Company's operations and financial position as the global macroeconomic uncertainty entailed. The Board has focused in particular on the problems resulting from weak demand combined with large installed production capacity, particularly in the European steel industry. Profitability in the business is being monitored through scrupulous cost control and minimized use of capital. In addition, the Board has monitored the major plant investments which were completed during the year and the commencement of product shipments from those plants.

The Board also monitors price trends as regards the Company's most important raw materials, namely iron ore and coal. The Company's overall strategy was also discussed in depth at a special Board meeting held in September.

Auditors

According to the by-laws, SSAB shall have one or two external auditors, or one or two registered public accounting firms. At the 2012 Annual General Meeting, it was decided that the number of auditors would comprise one registered accounting firm and PricewaterhouseCoopers was re-elected as auditor for another year.

Authorized public accountant Magnus Svensson Henryson has been auditor-in-charge since 2012. He is also the signing partner of the listed companies SEB and Industrivärden. In total, PricewaterhouseCoopers is the elected auditor of 24 out of the 60 companies in the "Large Cap" segment, and 99 out of a total of 254 companies on Nasdaq OMX, Stockholm.

The external audit of the financial statements of the parent company and the Group, as well as management by the Board of Directors and President, is conducted in accordance with International Standards on Auditing and Generally Accepted Auditing Standards in Sweden. The Company's auditor-in-charge participates at all meetings of the Audit Committee. The auditor attends at least one Board meeting per year and goes through the audit for the year and discusses the audit with the directors, without the President or other members of the Company's senior management being present. For information regarding fees to the auditors, see Note 2.

Compensation Committee

DUTIES

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

Name of director	Elected to the Board	Attendance statistics 2012: Board meetings	Compensation Committee	Audit Committee	Independent in relation to: The Company and its management	The Company's largest shareholders
Elected by the AGM						
Sverker Martin-Löf, Chairman	2003	8	3	5	Yes	No, Chairman of Industrivärden
Anders G Carlberg	1986	7		5	Yes	Yes
Jan Johansson	2011	8			Yes	Yes
Martin Lindqvist, President and CEO	2011	8			No, President of the Company	Yes
Annika Lundius[1]	2011	8		4	Yes	Yes
Anders Nyrén	2003	8			Yes	No, President and CEO of Industrivärden
Matti Sundberg[1]	2004	8		1	Yes	Yes
John Tulloch	2009	8	3		No, former President IPSCO Division	Yes
Lars Westerberg	2006	8	3		Yes	Yes
Employee representatives						
Peter Holmer[2]	2012	1			–	–
Bert Johansson	1998	8			–	–
Ola Parten	2005	5			–	–
Alternates						
Sture Bergvall	2005	8			–	–
Uno Granbom	2008	8			–	–
Patrick Sjöholm	2011	8			–	–

[1] Matti Sundberg was a member of the Audit Committe until March 26, 2012, and was replaced by Annika Lundius.
[2] Took up the position on October 25, 2012 and replaced Per Scheikl.

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

WORK IN 2012

In 2012, the Compensation Committee held three meetings at which minutes were taken. The Compensation Committee comprised Sverker Martin-Löf (Chairman), John Tulloch and Lars Westerberg. The President is co-opted to the Committee but does not participate in discussions concerning his own salary and employment terms.

Audit Committee

DUTIES

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

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

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

WORK IN 2012

In 2012, the Audit Committee further developed and improved the presentation of the external financial reporting. The Audit Committee, together with the external auditors, reviewed and analyzed the risk analysis and audit plan prepared by the auditors as a basis for the statutory audit.

The Audit Committee's members were Anders G Carlberg (Chairman), Sverker Martin-Löf and Annika Lundius. In 2012, the Audit Committee held five meetings at which minutes were taken.

Group Executive Committee

	Name	Member of the Group Executive Committee	Shareholding[1]	Education	Background
1	Martin Lindqvist, President and CEO (1962)	2001	17,109 shares	B.Sc. in Economics, Uppsala University.	Employed at SSAB since 1998. Previously, Head of SSAB EMEA, Head of SSAB Strip Products, CFO at SSAB, CFO at SSAB Tunnplåt, Chief Controller at NCC.
2	Jonas Bergstrand, Executive Vice President and General Counsel, (1965)	2006	7,300 shares	Master of Law, Uppsala University.	Employed at SSAB since 2006. Previously, Corporate counsel at ABB, OM Gruppen and Ericsson Radio Systems.
3	Monika Gutén, Executive Vice President and Head of Group Human Resources (1975)	2011	1,500 shares	M.Sc. in Business Administration, Stockholm University.	Employed at SSAB since 2007. Previously, Head of Human Resources at SSAB EMEA, Head of Business Development at SSAB.
4	Melker Jernberg, Executive Vice President and Head of Business Area SSAB EMEA (1968)	2011	10,000 shares	M.Sc., The Royal Institute of Technology, Stockholm.	Employed at SSAB since 2011. Previously, Senior Vice President Buses and Coaches at Scania, Plant Manager at Scania.
5	Gregoire Parenty, Executive Vice President and Head of Market (1962) [2]	2012	–	Maitrise de Sciences Economiques from the Sorbonne University, MBA, Dallas University.	Previously, Head of Market at SSAB EMEA, several positions within ArcelorMittal.
6	Martin Pei, Executive Vice President and Head of Business Area SSAB APAC (1963)	2007	1,000 shares	Ph. D., The Royal Institute of Technology, Stockholm.	Employed at SSAB since 2001. Previously, Technical Director at SSAB, Manager R&D Department at SSAB, General Manager, Slab Production at SSAB Plate.
7	Karl-Gustav Ramström, Executive Vice President and Chief Technical Officer (1954) [3]	2008	10,000 shares	M.Sc. and MBA, Uppsala University.	Employed at SSAB since 2007. Previously, Head of SSAB Plate, Head of division Process Automation, ABB Sweden.
8	Charles Schmitt, Executive Vice President and Head of Business Area SSAB Americas (1959)	2011	–	B.Sc. Business Admin/Finance, University of Texas at Arlington, two-year steel fellowship at the American Iron and Steel Institute.	Employed at IPSCO Inc. since 1990. Previously, VP of the Southern Business Unit for SSAB Americas, several positions with US Steel Corporation.
9	Helena Stålnert, Executive Vice President and Head of Group Communications (1951)	2007	1,000 shares	Master in Journalism, Stockholm.	Employed at SSAB since 2007. Previously, Senior Vice President, Communications at Saab AB, Editor in Chief, Aktuellt, Swedish Television.
10	Marco Wirén, Executive Vice President and Chief Financial Officer (1966)	2008	10,000 shares	M. Econ., Uppsala University.	Employed at SSAB since 2007. Previously, CFO Eltel Networks, Vice President Strategic Planning and Group Controller NCC.

[1] Shareholdings include shares owned by closely-related persons.
[2] Gregoire Parenty became Head of Market and a member of the Group Executive Committee on February 10, 2012.
[3] Karl-Gustaf Ramström was Head of Market until February 10, 2012.

The group executive committee's work and responsibilities

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

The President is responsible for the day-to-day management of the Company in accordance with the Board of Directors' instructions and guidelines. As per December 31, 2012, the Group Executive Committee consisted, in addition to the President, of the Heads of the SSAB EMEA, SSAB Americas and SSAB APAC business areas, the Chief Financial Officer, the Head of Market, the General Counsel, the Head of Group Human Resources, the Chief Technical Officer, and the Head of Group Communications.

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

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

Compensation Guidelines

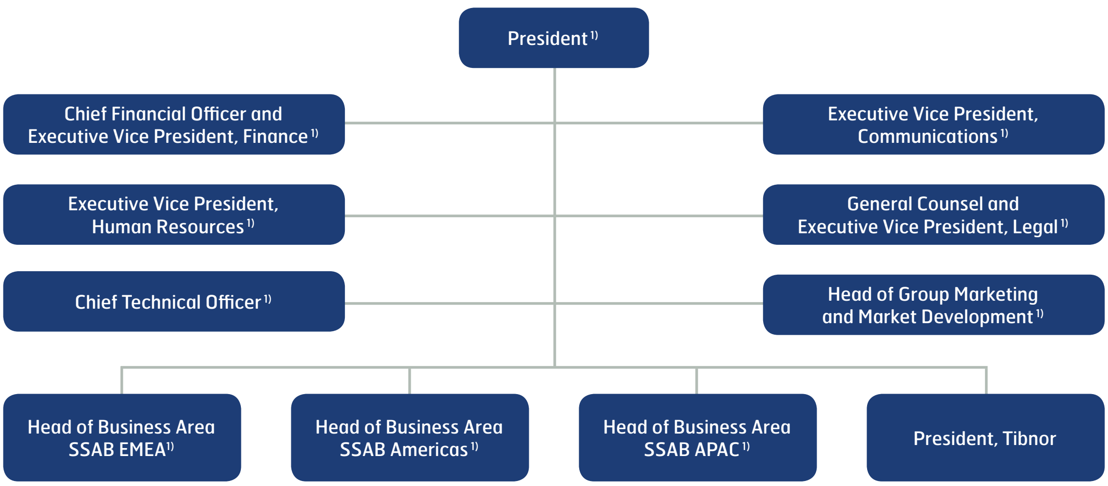
The 2012 Annual General Meeting decided that compensation to the President and other members of the Company's senior management shall comprise fixed salary, possible variable compensation, other benefits such as company car, and pension. The total compensation package shall be on market terms and competitive in the employment market in which the executive works. Fixed salary and variable compensation shall be related to the executive's responsibilities and powers. The variable compensation shall be based on results as compared with defined and measurable targets and shall be subject to a cap in relation to the fixed salary. Variable compensation shall not be included in the basis for computation of pension, except in those cases where so provided in the rules of a general pension plan (e.g. the Swedish ITP plan). As regards senior executives outside Sweden, all or parts of the variable compensation may be included in the basis for pension computation due to legislation or practice in the local market. The Board shall be entitled to derogate from the guidelines where special reasons exist in an individual case. For more detailed information regarding current compensation, reference is made to Note 2.

The Company currently has no share-related incentive programs.

Internal control and risk management

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

The Group's operational management structure



[1] Member of the Group Executive Committee.

The Group is charged with the task of endeavoring to ensure that risks do not materialize and, through various measures, mitigating the consequences of any events of damage or injury that do occur. The Group's Risk Management organization manages the work of preventing the occurrence of damage or injury at all, and mitigating the effects in the event such nevertheless occurs. Each business area and subsidiary is responsible for conducting rational damage/injury prevention work.

SSAB Risk Management manages risks relating to injury to the individual and damage to property and the environment (insurable risks) to which the Group is exposed and which are associated with the Company's operations. The possibility to take out insurance cover is to be regarded as one tool among several for mitigating the effects of any injury or damage which occurs.

The Group Risk Manager is functionally responsible for the Group's risk work and collaborates with a number of local risk managers on the business area and subsidiary level in order to optimize the work from a joint-Group perspective. The Group Risk Manager reports directly to the Company's General Counsel.

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

Internal audit

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

The internal audit is organized on an overall Group level with audit plans drawn up for each business area. The overall Group audit activities are planned by the internal audit manager.

Most of the work is performed by means of audits in accordance with plans decided upon by the Audit Committee. Other work largely comprises specific audits, as well as monitoring of self-assessments in the Group as regards internal control.

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

For a further description of the internal audit work in 2012, see the section entitled "The Board's description of the internal control and risk management regarding financial reporting."

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

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

FRAMEWORK FOR INTERNAL CONTROL AS REGARDS THE FINANCIAL REPORTING

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

Prerequisites for this being achieved are that a sound control environment is in place; that reliable risk assessments are carried out; that established control activities are carried out; and that information and communication, as well as monitoring, function satisfactorily.

CONTROL ENVIRONMENT

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

The quality of the financial reporting is ensured through a number of different measures and routines. Work takes place regularly on further developing policies and manuals for the entire Group; among other things, there is an accounting manual (Financial Guidelines) for the Group which is regularly updated and communicated within the Group. Apart from the Financial Guidelines, the most important overall control documents for the Group are the Finance policy, Investment policy, Information policy, authorization rules and the Code of Business Ethics.

All business areas and subsidiaries have adopted guidelines with respect to business ethics issues. The work on clarifying the Group's Code of Business Ethics continued during 2012 and, in the autumn, 25 percent of personnel underwent an internal training course regarding the Group's rules concerning business ethics.

RISK ASSESSMENT

SSAB is an organization which is exposed to both internal and external risks. In order reasonably to ensure a sound internal control, the risks which may affect the financial reporting are identified, gauged and measures are taken. This constitutes an integral part of the regular reporting to Group Executive Committee and the Board and also constitutes the basis for the assessment of risks of error in the financial reporting. SSAB's operations are characterized by processes involving well-established routines and systems. The risk assessment thus takes place largely within these processes. Only general risk assessments take place on a Group level. Responsible persons in the Group identify, monitor and follow-up risks. This creates conditions for well-founded and correct commercial decisions at all levels. Financial risks such as currency, refinancing and counterparty risks, as well as interest rate and credit risks, are handled primarily by the parent company's treasury function in accordance with the Group's finance policy (see Note 27). For an outline of the Group's commercial risk exposure, see also the section above entitled "Internal control and risk management" as well as the Report of the Directors, page 44.

CONTROL ACTIVITIES

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

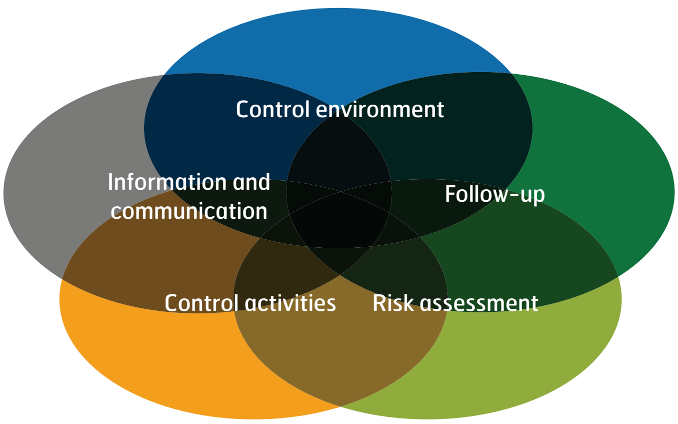
In recent years, an in-depth analysis has been carried out regarding the processes and control structures in group companies. The analysis has resulted in a more systematic work method for identifying financial risks and risks in the financial reporting, as well as documentation of controls as to how such risks are prevented and identified. The controls are adapted to each unit's work processes and systems structure and these are assessed through self-assessment, supplemented with monitoring and review by the internal audit. During the year, this work method has been implemented in a system covering the entire Group; as from 2013, it will be possible to use this system when verifying the reliability of the financial reporting. A similar system has been in use in the American operations for some time.

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

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

The work on the closing accounts and the annual report involves processes in which there are additional risks of error in the financial reporting. This work is less repetitive in nature and contains several elements in the nature of an assessment. Important control activities

Internal control process



include ensuring the existence of a well-functioning reporting structure in which the business areas/subsidiaries report in accordance with standardized reporting templates, and that important income statement and balance sheet items are specified and commented on.

INFORMATION AND COMMUNICATION

Externally

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

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

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

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

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

Internally

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

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

MONITORING

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

During 2012, the internal audit carried out regular independent and objective audits of the Group's corporate governance, internal control and risk management in accordance with the adopted audit plan. The audit plan for 2012 was based on a risk analysis which was approved by the heads of business areas and group management and subsequently adopted by the Audit Committee. The audits were carried out in accordance with an adopted audit process and formally concluded with a report and planned follow-up. The result has been presented regularly to heads of business areas/subsidiaries and the Audit Committee with respect to observations, measures taken and implementation status.

The external auditors follow-up each year selected parts of the internal control within the scope of the statutory audit.

The external auditors report the results of their review to the Audit Committee and Group Executive Committee. Important observations are also reported directly to the Board of Directors. In 2012, the external auditors monitored the internal control in selected key processes and reported thereon to the Audit Committee and Group Executive Committee.

Further information

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

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

Financial reports 2012

- Sales of SEK 38,923 million
- Operating loss of SEK –96 million
- Loss after financial items of SEK –693 million
- Earnings per share of SEK 0.05
- Operating cash flow of SEK 4,929 million

Consolidated income statement

SEK millions	Note	2012	2011
Sales	1	38,923	44,640
Cost of goods sold	2	–36,129	–39,859
Gross profit		**2,794**	**4,781**
Selling expenses	2	–1,472	–1,509
Administrative expenses	2	–1,504	–1,417
Other operating income	1, 25	449	941
Other operating expenses	2	–395	–328
Shares in earnings of affiliated companies and joint ventures after tax	3	32	44
Operating profit/loss		**–96**	**2,512**
Financial income	4	61	35
Financial expenses	4	–658	–549
Profit/loss after financial items		**–693**	**1,998**
Taxes	5	708	–438
Profit for the year		**15**	**1,560**
Of which attributable to:			
• Parent Company's shareholders		15	1,560
• non-controlling interests		–	–
Earnings per share[1]	12	**0.05**	**4.82**
Dividend per share – 2012 proposal	30	1.00	2.00

Consolidated statement of comprehensive income

SEK millions	Note	2012	2011
Profit for the year		**15**	**1,560**
Other comprehensive income			
Translation differences for the yeas		–1,750	482
Cash flow hedges		–84	–102
Hedging of currency risks in foreign operations		610	–155
Actuarial gains and losses, pensions		–10	–2
Share in other comprehensive income of affiliated companies and joint ventures		3	–18
Tax attributable to comprehensive income	5	–135	69
Other comprehensive income for the year, net after tax		**–1,366**	**274**
Total comprehensive income for the year		**–1,351**	**1,834**
Of which attributable to:			
• Parent Company's shareholders		–1,351	1,834
• non-controlling interests		–	–

[1] There are no outstanding share instruments and thus no dilution is relevant.

Consolidated balance sheet

SEK millions	Note	2012	2011
ASSETS			
Fixed assets			
Goodwill	6	17,882	18,911
Other intangible assets	6	2,734	3,638
Tangible fixed assets	7	17,610	18,693
Participations in affiliated companies	3, 8	327	349
Financial assets	8	1,035	106
Deferred tax receivables	14	668	702
Total fixed assets		**40,256**	**42,399**
Current assets			
Inventories	9	9,435	11,687
Accounts receivable	27	4,383	5,734
Prepaid expenses and accrued income	10	754	642
Current tax receivables		426	381
Other current interest-bearing receivables	11	24	458
Other current receivables	27	337	490
Cash and cash equivalents	11	3,004	1,648
Total current assets		**18,363**	**21,040**
TOTAL ASSETS		**58,619**	**63,439**
EQUITY AND LIABILITIES			
Equity			
Share capital		2,851	2,851
Other contributed funds		9,944	9,944
Reserves		–3,128	–1,769
Retained earnings		19,102	19,742
Total equity for the shareholders in the Company		**28,769**	**30,768**
Non-controlling interests		–	–
TOTAL EQUITY		**28,769**	**30,768**
Long-term liabilities			
Long-term interest-bearing liabilities	16	18,267	16,940
Deferred income	17	456	543
Pension provisions	13	166	162
Deferred tax liabilities	14	3,820	4,919
Other long-term provisions	15	140	136
Total long-term liabilities		**22,849**	**22,700**
Current liabilities			
Short-term interest-bearing liabilities	16	1,115	3,607
Accounts payable	27	3,470	4,296
Accrued expenses and deferred income	17	1,998	1,671
Current tax liabilities		243	188
Other current liabilities	27	141	168
Short-term provisions	15	34	41
Total current liabilities		**7,001**	**9,971**
TOTAL EQUITY AND LIABILITIES		**58,619**	**63,439**
Pledged assets	21	242	41
Contingent liabilities	22	594	198

Consolidated statement of changes in equity

		Equity attributable to the Parent Company's shareholders						
SEK millions	Note	Share capital	Other contributed funds	Reserves	Retained earnings	Total	Non-controlling interest	Total equity
Equity, January 1, 2011	12	2,851	9,944	–2,041	19,075	29,829	191	30,020
Translation differences				482		482	–	482
Cash flow hedges				–102		–102		–102
Tax attributable to cash flow hedges	5			27		27		27
Hedging of currency risks in foreign operations				–155		–155		–155
Tax on hedging of currency risks in foreign operations	5			41		41		41
Actuarial gains/losses pensions	13				–2	–2		–2
Tax on actuarial gains/losses pensions	5				1	1		1
Share in other comprehensive income in affiliated companies and joint ventures				–18		–18		–18
Profit for the year					1,560	1,560	–	1,560
Total comprehensive income				275	1,559	1,834	–	1,834
Dividend to non-controlling interests							–45	–45
Acquisition of non-controlling interests[1]				–3	–244	–247	–146	–393
Dividend					–648	–648	–	–648
Equity, December 31, 2011		2,851	9,944	–1,769	19,742	30,768	–	30,768
Equity, January 1, 2012	12	2,851	9,944	–1,769	19,742	30,768	–	30,768
Translation differences				–1,750		–1,750		–1,750
Cash flow hedges				–84		–84		–84
Tax attributable to cash flow hedges	5			22		22		22
Hedging of currency risks in foreign operations				610		610		610
Tax on hedging of currency risks in foreign operations	5			–160		–160		–160
Actuarial gains/losses pensions	13				–10	–10		–10
Tax on actuarial gains/losses pensions	5				3	3		3
Share in other comprehensive income in affiliated companies and joint ventures				3		3		3
Profit for the year					15	15	–	15
Total comprehensive income				–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

[1] The minority stake in Tibnor was acquired in May 2011.

Consolidated cash flow statement

SEK millions	Note	2012	2011
BUSINESS OPERATIONS			
Profit from operating activities			
Operating profit/loss		–96	2,512
Reversal of non-cash items:			
• Non distributed shares in affiliated companies' earnings		13	–40
• Depreciation, amortization and write-down of fixed assets	6, 7	2,586	2,345
• Profit/loss upon sale of fixed assets		181	32
• Change in provisions		–3	26
• Other reversals		2	81
Interest received		65	22
Interest paid		–637	–503
Tax paid		–433	–140
		1,678	**4,335**
Working capital			
Inventories (+ decrease)		2,084	–239
Accounts receivable (+ decrease)		1,248	–541
Accounts payable (+ increase)		–748	64
Other current receivables (+ decrease)		18	–71
Other current liabilities (+ increase)		372	–40
		2,974	**–827**
CASH FLOW FROM OPERATING ACTIVITIES		**4,652**	**3,508**
INVESTING ACTIVITIES			
Investments in plants and machinery	6, 7	–1,431	–3,111
Sale of plants and machinery		28	1
Acquisition of businesses and operations	24	–30	–99
Divested businesses and operations	25	31	–
Other investing activities (+ decrease)		20	–30
CASH FLOW FROM INVESTING ACTIVITIES		**–1,382**	**–3,239**
FINANCING ACTIVITIES			
Dividend to shareholders		–648	–648
New loans		3,126	2,453
Repayment/amortization of loans		–3,719	–1,781
Financial investments		–575	511
Acquisition of non-controlling interests[1]		–	–393
Other financing (+ increase)		4	–74
CASH FLOW FROM FINANCING ACTIVITIES		**–1,812**	**68**
CASH AND CASH EQUIVALENTS			
Balance, January 1		1,648	1,314
Cash flow from operating activities		4,652	3,508
Cash flow from investing activities		–1,382	–3,239
Cash flow from financing activities		–1,812	68
Translation differences, cash and cash equivalents		–102	–3
Balance, December 31	11	**3,004**	**1,648**
Contracted, non-utilized overdraft facilities		8,695	11,693
DISPOSABLE CASH AND CASH EQUIVALENTS		**11,699**	**13,341**

[1] The minority stake in Tibnor was acquired in May 2011.

Parent Company's income statement

SEK millions	Note	2012	2011
Gross profit		**–**	–
Administrative expenses	2	–245	–219
Other operating income	1	103	374
Other operating expenses	2	0	0
Operating profit/loss		**–142**	**155**
Dividend from subsidiaries	4	1,083	266
Financial items[1]	4	–325	–146
Profit after financial items		**616**	**275**
Appropriations[1]	23	–105	156
Profit before tax		**511**	**431**
Tax	5	160	–40
Profit for the year		**671**	**391**

Parent Company's other comprehensive income

SEK millions	Note	2012	2011
Profit for the year		**671**	**391**
Other comprehensive income			
Hedging of currency risks in foreign operations		610	–155
Cash flow hedges		–28	–13
Tax attributable to other comprehensive income	5	–156	44
Other comprehensive income for the year, net after tax		**426**	**–124**
Total comprehensive income for the year		**1,097**	**267**

[1] In accordance with changed accounting principles for 2012, received/given group contributions are disclosed as appropriations. In 2011, group contributions were disclosed as financial income/expense. 2011 has been adjusted with SEK 123 million.

Parent Company's balance sheet

SEK millions	Note	2012	2011
ASSETS			
Fixed assets			
Tangible fixed assets	7	1	2
Financial assets	8	39,173	39,196
Long-term receivables from subsidiaries		80	80
Deferred tax receivables	14	10	4
Total fixed assets		**39,264**	**39,282**
Current assets			
Accounts receivable	27	0	0
Current receivables from subsidiaries		12,670	14,384
Prepaid expenses and accrued income	10	135	71
Current tax receivables		1	1
Other current receivables	27	3	7
Cash and cash equivalents	11	539	999
Total current assets		**13,348**	**15,462**
TOTAL ASSETS		**52,612**	**54,744**
EQUITY AND LIABILITIES			
Equity			
Restricted equity			
• Share capital		2,851	2,851
• Statutory reserve		902	902
Unrestricted equity			
• Retained earnings		26,632	26,462
• Profit for the year		671	391
TOTAL EQUITY		**31,056**	**30,606**
Untaxed reserves	23	**175**	**661**
Provisions			
Pension provisions	13	3	3
Other long-term provisions	15	66	67
Total provisions		**69**	**70**
Long-term liabilities			
Liabilities to subsidiaries		0	0
Other long-term interest-bearing liabilities	16	16,386	15,068
Total long-term liabilities		**16,386**	**15,068**
Current liabilities			
Accounts payable	27	11	8
Liabilities to subsidiaries		3,769	4,690
Short-term interest-bearing liabilities	16	975	3,466
Accrued expenses and deferred income	17	145	147
Current tax liabilities		–	–
Other current liabilities	27	5	3
Short-term provisions	15	21	25
Total current liabilities		**4,926**	**8,339**
TOTAL EQUITY AND LIABILITIES		**52,612**	**54,744**
Pledged assets	21	–	–
Contingent liabilities	22	2,512	2,244

Parent Company's changes in equity

		Restricted equity		Unrestricted equity		
SEK millions	Note	Share capital	Statutory reserve	Retained earnings	Profit for the year	Total
Equity, January 1, 2011	12	2,851	902	25,646	1,589	30,988
Hedging of currency risks in foreign operations				–155		–155
Tax on hedging of currency risks in foreign operations				41		41
Cash flow hedges				–13		–13
Tax on cash flow hedges				3		3
Profit for the year					391	391
Total comprehensive income		–	–	–124	391	267
Retained earnings from previous year				1,589	–1,589	–
Dividend				–648	–	–648
Equity, December 31, 2011		2,851	902	26,463	391	30,607
Equity, January 1, 2012	12	**2,851**	**902**	**26,463**	**391**	**30,607**
Hedging of currency risks in foreign operations				610		610
Tax on hedging of currency risks in foreign operations				–161		–161
Cash flow hedges				–28		–28
Tax on cash flow hedges				5		5
Profit for the year					671	671
Total comprehensive income				**426**	**671**	**1,097**
Retained earnings from previous year				391	–391	–
Dividend				–648		–648
Equity, December 31, 2012		**2,851**	**902**	**26,632**	**671**	**31,056**

Retained earnings include a premium reserve of SEK 9,391 (9,391) million and a fair value reserve of SEK 2,317 (1,890) million.

Parent Company's cash flow statement

SEK millions	Note	2012	2011
BUSINESS OPERATIONS			
Profit from operating activities			
Operating profit/loss		–142	155
Reversal of non-cash items:			
• Depreciation of tangible fixed assets	7	1	2
• Change in provisions		–5	–7
• Other reversals		0	0
Interest received		379	414
Interest paid		–715	–537
Tax paid		0	–37
		–482	**–10**
Working capital			
Accounts receivable (+ decrease)		0	0
Accounts payable (+ increase)		3	–2
Other current receivables (+ decrease)		2	–3
Other current liabilities (+ increase)		4	–22
Commercial intra-group transactions		–20	32
		–11	**5**
CASH FLOW FROM OPERATING ACTIVITIES		**–493**	**–5**
INVESTING ACTIVITIES			
Investments in fixed assets	7	0	0
Acquisition of businesses and operations	24	–1	–
Other investing activities		–5	–
CASH FLOW FROM INVESTING ACTIVITIES		**–6**	**0**
FINANCING ACTIVITIES			
Dividends to shareholders		–648	–648
Dividends from subsidiaries		1,084	266
Received/paid group contributions		123	–75
New loans		2,836	2,001
Repayments/amortization of loans		–3,466	–1,743
Financial investments		28	–3
Financial intra-group transactions		113	736
Acquisition of non-controlling interests[1)]		–	–393
Other financing (+ increase)		–31	21
CASH FLOW FROM FINANCING ACTIVITIES		**39**	**161**
CASH AND CASH EQUIVALENTS			
Balance, January 1		999	843
Cash flow from operating activities		–493	–5
Cash flow from investing activities		–6	0
Cash flow from financing activities		39	161
Balance, December 31	11	**539**	**999**
Contracted, non-utilized overdraft facilities		8,695	11,693
DISPOSABLE CASH AND CASH EQUIVALENTS		**9,234**	**12,692**

[1)] The minority stake in Tibnor was acquired in May 2011.

5-year summary, Group

	2012	2011	2010	2009	2008[2]
Sales (SEK millions)	38,923	44,640	39,883	29,838	54,329
Operating profit/loss (SEK millions)	–96	2,512	1,132	–1,592	9,516
Profit /loss after financial items (SEK millions)	–693	1,998	730	–2,061	8,953
Profit/loss after tax for shareholders in the Company (SEK millions)[1]	15	1,560	557	–1,002	6,935
Investments in plant and operations (SEK millions)	1,461	3,210	2,011	1,912	2,606
Cash flow from current operations (SEK millions)	3,925	2,200	–731	3,387	5,387
Net debt (SEK millions)	15,498	18,475	17,589	15,314	16,992
Capital employed at year-end (SEK millions)	48,414	51,558	49,969	50,015	55,511
Total assets (SEK millions)	58,619	63,439	61,054	60,419	69,255
Return on capital employed before tax (%)	0	5	2	neg	17
Return on equity after tax (%)	0	5	2	neg	22
Equity ratio (%)	49	49	49	51	51
Net debt/equity ratio (%)	54	60	59	49	48
Dividend per share (SEK), 2012 – proposal	1.00	2.00	2.00	1.00	4.00
Earnings per share (SEK)	0.05	4.82	1.72	–3.09	21.41
Average number of employees	8,695	8,830	8,477	8,334	9,172
Sales per average employee (SEK millions)	4.5	5.1	4.7	3.6	5.9
Production of crude steel (thousand tonnes)	5,253	5,671	5,752	3,553	6,074

[1] Earnings from the discontinued tubular business in IPSCO impacted on earnings for 2010 in the amount of SEK –164 million, 2009 in the amount of SEK –131 million and for 2008 in the amount of SEK 490 million.

[2] Excluding the divested tubular business.

Accounting and valuation principles

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

General information

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

Principles for preparation of the report

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

Accounting standards and applications introduced during the year have had no impact on the Group's earnings and financial position.

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

The preparation of reports in accordance with IFRS requires the use of a number of important estimations for accounting purposes. In addition, management must make certain assessments in conjunction with the application of the Group's accounting principles. Those areas that include a high degree of assessment, which are complex, or in which assumptions and estimations are of material significance for the consolidated financial statements are stated in Note 28.

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

Relevant standards, changes and interpretations that entered into force in 2012 have not had any impact on the Group.

i. Standards, changes and interpretations relevant to the Group that have been adopted by the EU but have not yet entered into force, and have been applied by the Group prematurely

- IAS 19 (Amendment), "Employee Benefits": This change enters into force on January 1, 2013. The change entails that the corridor method is removed and that the actuarial profits and losses arising in conjunction with the determination of the present value of pension obligations and the fair value of managed assets are reported in "Other comprehensive income". The Group has applied this change since 2011.

ii. Standards, changes and interpretations relevant to the Group that have been adopted by the EU but have not yet entered into force and have not been applied by the Group prematurely

- IAS 1 (Amendment), Presentation of Financial Statements, change concerning other comprehensive income. This change applies commencing with financial years that begin after July 1, 2012. The most important change is the requirement that items reported in "Other comprehensive income" be presented divided into two groups. The allocation is based on whether or not the items can be reclassified to the income statement. The change will have a limited impact on the presentation of the Group's financial statements.

Consolidated financial statements

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

SUBSIDIARIES

The Group's annual accounts are prepared in accordance with the acquisition method, entailing that the equity of subsidiaries at the time of acquisition – defined as the difference between the fair value of identifiable assets, liabilities and potential obligations – is eliminated in its entirety against the acquisition price. Those surpluses that comprise the difference between the acquisition value and the fair value of the Group's share of identifiable acquired assets, liabilities and potential obligations are reported as goodwill. If the acquisition price is below the fair value of the net assets of the acquired subsidiary, the difference is reported directly in the income statement. With respect to each acquisition, the Group determines whether all non-controlling interests in the acquired company shall be reported at fair value or at the proportion of the net assets of the acquired company represented by the holding.

Goodwill is initially valued as the amount by which the total purchase price and fair value of non-controlling interests exceeds the fair value of identifiable acquired assets and assumed liabilities. Acquired companies are included in the consolidated financial statements commencing the date on which a controlling influence is obtained, while divested companies are reported up to the date on which the controlling influence ceases.

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

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

AFFILIATED COMPANIES AND JOINT VENTURES

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

SSAB's operations and considered to be of a business nature. Any intra-group profits are eliminated in relation to the share of equity held.

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

Transactions in foreign currencies

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

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

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

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

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

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

Revenue recognition

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

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

Pricing between Group companies

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

Government assistance

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

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

Research and development expenses

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

Software development expenses

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

Tangible non-current assets

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

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

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

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

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

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

Intangible assets

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

GOODWILL

The compensation transferred in conjunction with a business acquisition is valued at fair value. Goodwill comprises the amount by which the acquisition value (the compensation) exceeds the fair value of the Group's share of the identifiable net assets of the acquired subsidiary at the time of the acquisition. Goodwill upon the acquisition of a subsidiary is reported as an intangible asset. Goodwill is tested annually to identify any impairment and reported at acquisition value less accumulated impairment. Testing for impairment is also carried out in those cases where there are indications that the asset may have diminished in value. Impairment of goodwill is reported as an expense and not reversed. Profits or losses upon the sale of a unit include the remaining reported value of the goodwill which relates to the sold unit.

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

CUSTOMER RELATIONS

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

TRADEMARKS

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

SOFTWARE

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

OTHER INTANGIBLE ASSETS

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

Impairment of non-financial assets

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

Leased assets

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

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

Financial assets

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

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

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

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

- Holdings valued at fair value via the income statement: Assets that are acquired primarily in order to enjoy profits upon short-term price fluctuations, holdings for trading, are classified as "Holdings valued at fair value via the income statement" and reported as short-term investments if their term to maturity on the acquisition date is less than three months and as "Other interest-bearing current receivables" if the term to maturity is between three and twelve months. Derivative instruments are classified as holdings for trading except where used for hedge accounting. Assets in this category are valued regularly at fair value and changes in value are reported in the income statement. Derivative instruments taken up in respect of business-related items are reported in the operating profit, while derivative instruments of a financial nature are reported in financial items. Assets in this category are included in current assets, with the exception of items with maturity dates more than twelve months after the balance sheet date, which are classified as non-current assets.

- Holdings to maturity: Assets with a fixed maturity date and which are intended to be held until maturity are classified as "holdings to maturity" and reported as financial non-current assets, except those parts that mature within twelve months; these are reported as "Other interest-bearing current receivables". Assets in this category are valued at the accrued acquisition value. The accrued acquisition value is determined based on the effective interest rate, which is calculated on the acquisition date.
- Loan claims and accounts receivable: Loan claims and accounts receivable are financial assets that are not derivative instruments, which have fixed or determinable payments and which are not listed on an active market. The claims arise when cash, goods or services are provided directly to the debtor without an intention of trading in the receivables. Just as with the preceding category, assets in this category are valued at the accrued acquisition value. They are included in current assets, with the exception of items with maturity dates more than twelve months after the balance sheet date, which are classified as non-current assets.
- Assets available for sale: Assets without a fixed term to maturity but which can be sold should liquidity needs arise or upon changes in interest rates are classified as "available for sale" and reported as financial non-current assets. Assets in this category are valued regularly at fair value with changes in value in other comprehensive income. Upon removal of the investments from the balance sheet, any accumulated profit or loss previously reported in comprehensive income is reversed to the income statement. They are included in current assets, with the exception of items with maturity dates more than twelve months after the balance sheet date, which are classified as non-current assets. The Group held no instruments in this category during 2011 and 2012.

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

NON-CURRENT RECEIVABLES
Non-current receivables are receivables held without any intention of trading in the claim. Parts where the outstanding holding period is less than one year are reported among "Other current interest-bearing receivables". The receivables are classified in the category, "Loan claims and accounts receivable".

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

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

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

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

The net realizable value is normally calculated as the sales price less production and selling expenses. With respect to products in the trading operations, the replacement cost with an added estimated gross margin is used as the best gauge of the net realizable value. In respect of raw materials, the replacement cost is used as the best gauge of the net realizable value. However, raw materials are not written down below the acquisition value where the end product in which they are included is expected to be sold at a price which exceeds the manufacturing cost.

Work in progress and finished inventories are valued at the manufacturing cost or the net realizable value, whichever is lower. Necessary provision is made for obsolescence.

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

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

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

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

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

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

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

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

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

PROFIT SHARES AND VARIABLE SALARY

SSAB employees are covered by a profit sharing system which entitles them to a share in the profit above a minimum level. The Group Executive Committee and a number of other senior executives have instead salaries which contain a variable element related to the profit level and individually set targets. The costs for these systems are booked as accrued expenses regularly during the year as soon as it is likely that the targets will be met. In 2011, a long-term incentive program was introduced for the Company's senior executives, including the President, which is capped at 25 percent of fixed salary. The program runs for rolling three-year periods, is cash-based, and is linked to the total return on the SSAB share relative to a comparison group comprised of the Company's competitors. A percentage of the costs for the program is booked each year, based on a continuous assessment of the outcome for the three-year period.

COMPENSATION UPON TERMINATION OF EMPLOYMENT

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

Provisions

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

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

Emission rights

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

Environmental restoration expenses

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

Financial liabilities

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

ACCOUNTS PAYABLE

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

LOAN DEBTS

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

Derivate instruments and hedging

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

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

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

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

- Fair value hedging: Changes in the fair value of derivative instruments which are categorized as, and meet the requirements for, "fair value hedging" are reported in the income statement together with changes in the fair value of the asset/liability or the delivery order to which the hedging relates. Transaction costs related to "fair value hedging" are recognized immediately in the income statement.
- Cash flow hedging: The effective part of changes in fair value of derivative instruments which are identified as, and meet the requirements for, cash

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

Derivative instruments which are reported in hedge accounting and executed in respect of business-related items are reported in operating profit, while derivative instruments of a financial nature are reported in financial items. The fair value of currency forward contracts and currency swaps is calculated based on forward contract prices on the balance sheet date, while interest rate swaps are valued calculated on the basis of future discounted cash flows.

Taxes

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

DEFERRED TAX

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

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

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

Dividends

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

DIVIDENDS, THE PARENT COMPANY

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

Group contributions in the parent company

Group contributions received and provided, and the tax consequences thereof, are reported as a transfer to untaxed reserves, and the tax effect as a tax expense /income in the income statement.

Cash flow statement

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

Segment reporting

OPERATING SEGMENTS

The Group is organized in four reportable operating segments which are designated as the following business areas: SSAB EMEA, SSAB Americas, SSAB APAC, and the subsidiary Tibnor. In addition, there are other operating segments which are not reportable since they do not reach the threshold values in IFRS 8 and they are not monitored separately by the Group Executive Committee. The segment reporting takes place in such a manner that it corresponds to the internal reporting which is submitted to the Group Executive Committee. The Group Executive Committee is the highest executive decision-making body which is responsible for the allocation of resources and assessment of the results of operating segments, and takes strategic decisions. A more detailed description of the reportable segments and their operations is provided on pages 22–31 and in Note 26.

Non-current assets held for sale

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

Notes

1 Sales and other operating income

Sales per product area	Group	
SEK millions	2012	2011
Hot-rolled strip	6,688	6,789
Cold-rolled and metal-coated strip	3,716	4,501
Organic-coated and profiled strip	2,259	2,716
Plate	18,209	20,946
Trading operations	5,506	6,828
Slabs	662	734
By-products/scrap	1,528	1,808
Other	355	318
Total sales	**38,923**	**44,640**

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

Other operating income	Group		Parent Company	
SEK millions	2012	2011	2012	2011
Sales of purchased energy and media	209	194	–	–
Sales of services	147	145	–	–
Net exchange rate gains	–	148	–	–
Profit upon sale of emission rights	1	275	–	269
Profit upon sale of businesses and operations	0	–	–	–
Profit upon sale of fixed assets	17	0	–	–
Investment grant (government grant)	12	32	–	–
Other	63	147	103	105
Total other operating income	**449**	**941**	**103**	**374**

2 Operating expenses

Type of cost	Group		Parent Company	
SEK millions	2012	2011	2012	2011
Raw materials in the steel operations, including change in raw material inventory	16,918	19,898	–	–
Purchased products in the trading operations	3,728	4,224	–	–
Purchased products in the steel operations	2,418	1,636	–	–
Energy	2,307	2,449	–	–
Change in inventory, work in progress and finished products	1,422	881	–	–
Compensation to employees	5,201	5,349	88	71
Material, services and maintenance	3,969	4,533	121	114
Depreciation/amortization	2,586	2,330	1	2
Other	951	1,814	35	32
Total operating expenses	**39,500**	**43,114**	**245**	**219**

2 Operating expenses cont.

Fees for audits and related services	Group		Parent Company	
SEK millions	2012	2011	2012	2011
PricewaterhouseCoopers				
Audit fees	11	11	2	3
Audit related services	0	1	–	–
Tax consulting	5	4	2	–
Other services	10	1	7	1
Total fees for audit and related services to PricewaterhouseCoopers	**26**	17	**11**	4
Other audit firms				
Audits and related services	7	5	–	–
Other services	5	5	–	1
Total fees for audit and related services to other audit firms	**38**	27	**11**	5

For 2010, other compensation to PricewaterhouseCoopers, including tax consulting and other services, amounted to SEK 7 million.

Operating expenses have been reduced by the following government grants:	Group		Parent Company	
SEK millions	2012	2011	2012	2011
Freight support	1	2	–	–
Other	1	3	–	–
Total government grants	**2**	5	**–**	–

Compensation to employees	Directors, President and Executive Vice President		Other employees	
SEK millions	2012	2011	2012	2011
Parent Company[1)]	18	13	55	46
Subsidiaries in Sweden	9	10	2,639	2,704
Subsidiaries outside Sweden	14	15	844	1,047
Total wages and salaries[2)]	**41**	38	**3,538**	3,797
Social security expenses	19	18	1,400	1,304
(of which pension expenses)	(9)	(7)	(456)	(391)
Other expenses for employee benefits	1	3	202	189
Total compensation to employees	**61**	59	**5,140**	5,290

1) Relates only to personnel employed and working within the parent company. Personnel in some of the larger subsidiaries are formally employed by the parent company but are reported in terms of number and expense in the relevant subsidiary. In the parent company expenses for the president of SSAB EMEA are also reported.

2) Total wages and salaries include variable salary components to President in the amount of SEK 8 (5) million, of which SEK 2 (2) million in the parent company. In the parent company, variable salary components to the President of SSAB EMEA are also reported.

2 Operating expenses cont.

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

BOARD OF DIRECTORS

The general meeting decides upon fees payable to the Chairman of the Board and the directors elected by the general meeting. The Chairman's fee was SEK 1,425 (1,350) thousand and directors (excluding the President) each received a fee of SEK 475 (450) thousand. In addition, members of Board committees received SEK 100 thousand for each committee on which the member served, with the exception of the Chairman of the Audit Committee, who instead received SEK 125 thousand. In total, SEK 5,375 (5,125) thousand was paid in fees to the Board of Directors.

Directors

			Fees 2012, SEK		Fees 2011, SEK	
Elected by the AGM	Elected	Position	Board fees	Committee fees	Board fees	Committee fees
Sverker Martin-Löf	2003	Chairman	1,425,000	200,000	1,350,000	200,000
Anders G Carlberg	1986	Board member	475,000	125,000	450,000	125,000
Jan Johansson	2011	Board member	475,000	–	450,000	–
Martin Lindqvist	2011	Board member, President	–	–	–	–
Annika Lundius	2011	Board member	475,000	100,000	450,000	–
Anders Nyrén	2003	Board member	475,000	–	450,000	–
Matti Sundberg	2004	Board member	475,000	–	450,000	100,000
John Tulloch	2009	Board member	475,000	100,000	450,000	100,000
Lars Westerberg	2006	Board member	475,000	100,000	450,000	100,000

Salaries and compensation for the President and other senior executives

RESOLUTION OF THE ANNUAL GENERAL MEETING

According to a resolution adopted by the AGM in April 2012, the President and other persons in the Company's senior management shall receive compensation comprising fixed salary, possible variable compensations, other benefits such as company car, and pension. "Other members of the Company's senior management" means members of the Group Executive Committee other than the President. The total compensation package shall be at market terms and conditions and competitive on the employment market in which the executive works. Fixed salary and variable compensations shall be related to the executive's responsibilities and authority. The variable compensations shall be based on results as compared with defined and measurable targets and shall be subject to a ceiling in relation to the fixed salary. The variable compensations shall not be included in the basis for computation of pension, except in those cases where so provided in the rules of a general pension plan, e.g. the Swedish ITP plan. For senior executives outside Sweden, all or parts of the variable compensations may be included in the basis for pension computation due to legislation or competitive practice in the local market.

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

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

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

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

COMPENSATION COMMITTEE

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

COMPENSATION IN 2012

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

2 Operating expenses cont.

For the members of the Group Executive committee who are not stationed in the US, there is a short-term variable salary component which is related to the Group's EBITDA margin relative to other comparable steel companies and to an inventory turnover target established by the Board, combined with one or more individual targets. This variable salary component is capped at 75 percent of fixed salary for the President and 50 percent for others.

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

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

PRESIDENT AND CHIEF EXECUTIVE OFFICER

The total paid compensation package, excluding pension, amounted to SEK 8.8 (7.9) million. The compensation of SEK 8.8 million includes a payment of SEK 1.6 million regarding variable salary for 2011. The compensation for 2011 (SEK 7.9 million) includes a payment of SEK 1.6 million to the former President concerning variable salary for 2010.

The minimum retirement age is 62. The pension is based on contributions and is covered by insurance. The cost amounted to 39 (41) percent of fixed salary. Earned pension is inviolable but premium payments cease upon termination of employment.

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

OTHER GROUP EXECUTIVE COMMITTEE MEMBERS

During the year, the Group Executive Committee comprised 9 (8) persons, in addition to the President. The Group Executive Committee is presented on page 53.

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

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

Total compensation and benefits are shown in the table below.

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

	President		Other Group Executive Committee	
SEK millions	**2012**	2011	**2012**	2011
Fixed salary[1]	7.0	6.2	21.3	18.0
Other benefits[2]	0.2	0.1	3.0	2.5
Short-term variable salary[3]	1.6	1.6	6.2	3.7
Long-term variable salary[3]	–	–	0.9	–
Total compensation	**8.8**	7.9	**31.4**	24.2
Pension expenses	2.7	2.5	8.3	4.0
Total	**11.5**	10.4	**39.7**	28.2

[1] For 2012, includes SEK 0.6 million for the President in paid-out, non-utilized vacation.

[2] Relates primarily to car and gasoline benefits, but here also includes compensation for increased living costs for the member of the Group Executive committee who is stationed in Asia. Commencing 2012, the President also enjoys a residence benefit, where the total taxable compensation for three months is included in the amount reported for 2012 with SEK 0.1 million.

[3] The amounts relate to payments made in the relevant financial year, which were earned in previous years. Since the compensation is not known at the end of the accounting year due to the fact that comparisons are made with competitors who have not yet reported their figures, and also the fact that the Board can decide to reduce the compensation if special reasons exist, compensation in this table is reported only in the year in which payment has taken place. The expense for the year for variable salary components for the entire Group Executive Committee was SEK 10.2 million, of which provision for 2012 amounted to SEK7.4 million, and the cost due to too low a provision being made in the preceding year amounted to SEK 2.8 million.

3 Affiliated companies, joint venture and related party transactions

Share of earnings and sales	Share of earnings after tax		Share of sales	
SEK millions	2012	2011	2012	2011
Lulekraft AB	2	0	143	183
Norsk Stål A/S	8	20	1,123	1,189
Norsk Stål Tynnplater A/S	4	3	288	325
Oxelösunds Hamn AB	6	7	135	296
Blastech Mobile LLC (joint venture)	10	12	45	37
Geha BV	2	2	36	36
Total	**32**	**44**	**1,770**	**2,066**

Share of assets and liabilites	Share of assets		Share of liabilities	
SEK millions	2012	2011	2012	2011
Lulekraft AB	108	97	96	85
Norsk Stål A/S	382	385	256	235
Norsk Stål Tynnplater A/S	108	110	65	65
Oxelösunds Hamn AB	175	163	79	70
Blastech Mobile LLC (joint venture)	34	30	9	3
Geha BV	26	33	2	10
Total	**833**	**818**	**507**	**468**

Receivables from affiliated companies and joint venture	Group		Parent Company	
SEK millions	2012	2011	2012	2011
Included in balance sheet items:				
Accounts receivable	33	92	–	–
Total	**33**	**92**	**–**	**–**

Liabilities to affiliated companies and joint venture	Group		Parent Company	
SEK millions	2012	2011	2012	2011
Included in balance sheet items:				
Accounts payable	51	30	–	–
Total	**51**	**30**	**–**	**–**

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

Related party transactions

The following transactions with affiliated companies and joint venture occurred during the year: SSAB Americas purchased plate shot blasting and painting services from Blastech Mobile for SEK 85 (57) million. Lulekraft purchased gas from SSAB EMEA for SEK 246 (316) million and resold electricity for SEK 145 (208) million. Norsk Stål and Norsk Stål Tynnplater purchased steel from the steel operations for SEK 313 (387) million and sold for SEK 2 (2) million. Oxelösunds Hamn sold port services to SSAB EMEA for SEK 232 (238) million and purchased other services from SSAB EMEA for SEK 24 (22) million. Geha purchased steel from SSAB EMEA for SEK 49 (44) millions. The Board Member John Tulloch has a consultancy agreement with one of the US subsidiaries of SSAB EMEA from which he received SEK 0.4 (0.4) million in fees. The transactions took place at arm's length prices.

4 Financial items

Group

SEK millions	2012	2011
Financial income		
Interest income	54	24
Dividends	2	2
Other	5	9
Total financial income	**61**	35
Financial expenses		
Interest expenses	–524	–478
Net exchange rate differences	–33	–8
Other	–101	–63
Total financial expenses	**–658**	–549
Total financial income and expenses	**–597**	–514

Net result attributable to derivatives is included in the Net exchange rate differences with the amount of SEK –44 (–12) million.

Parent Company[1)]

SEK millions	2012	2011
Dividends from subsidiaries	1,083	266
Dividends from affiliated companies and joint ventures	1	1
Profit from other securities and receivables which constitute fixed assets		
Other interest income	0	0
Other interest income and similar revenues		
Interest income from subsidiaries	356	420
Other interest income	15	7
Net exchange rate differences	–	17
Total financial income	**1,455**	711
Interest expenses and similar expenses		
Interest expenses to subsidiaries	–105	–52
Other interest expenses	–508	–494
Net exchange rate differences	–8	0
Other	–76	–45
Total financial expenses	**–697**	–591
Total financial income and expenses	**758**	120

1) In accordance with changed accounting principles for 2012, received/given group contributions are disclosed as appropriations. In 2011, group contributions were disclosed as financial income/expense. 2011 has been adjusted with SEK 123 million.

5 Taxes

Taxes	Group		Parent Company	
SEK millions	**2012**	2011	**2012**	2011
Swedish corporate income tax	161	–76	160	–40
Foreign corporate income tax	–432	–447	–	–
Total current tax expenses	**–271**	–523	**160**	–40
Deferred taxes	979	85	0	–
Total tax in the income statement	**708**	–438	**160**	–40
Total tax in other comprehensive income[1]	–135	69	–156	44

Reconciliation of tax rates	Group		Parent Company	
%	**2012**	2011	**2012**	2011
Applicable tax rate in Sweden	–26	26	26	26
Tax effect of:				
• non-deductible expenses	2	1	1	1
• non-taxable divestments	–	–	–	–
• non-taxable revenue[2]	–2	0	–58	–18
• changes in tax rates	–36	0	–	–
• other tax rates in foreign subsidiaries	–36	–5		
• taxes relating to earlier periods	–4	0	–	–
Effective tax rate	**–102**	22	**–31**	9

1) For details see Consolidated statement of changes in equity on page 61 and on page 65 for the parent company.
2) The parent company's other non-taxable revenue consists primarily of dividends from subsidiaries.

The tax for the year amounted to SEK 708 (–438) million and the effective tax rate was –102 (22) percent. The tax rate was positively affected by lower tax rates on positive results and higher tax rates on negative results in foreign subsidiaries by –36 percentage points. The tax was also affected positively by –36 percentage points (SEK 253 million) by recalculation of deferred tax receivables and liabilities in the Group's Swedish companies due to the reduction of the Swedish corporate tax rate from 26.3 percent to 22 percent as from 1 January 2013.

6 Intangible assets

Group

SEK millions	Customer relations	Trade-marks	Patents, licenses, technology and other rights	Goodwill	Total intangible assets
Acquisition value, January 1, 2011	6,566	5	619	18,643	25,833
Acquisitions	–	–	1	–	1
Increase through acquisition of businesses/operations	–	–	21	8	29
Reclassifications	–	–	1	–	1
Translation differences	94	–	10	268	372
Acquisition value, December 31, 2011	**6,660**	**5**	**652**	**18,919**	**26,236**
Acquisition value, January 1, 2012	6,660	5	652	18,919	26,236
Acquisitions	–	–	1	–	1
Increase through acquisition of businesses/operations	–	–	–	22	22
Reclassifications	–	–	17	–	17
Translation differences	–370	–	–33	–1,051	–1,454
Acquisition value, December 31, 2012	**6,290**	**5**	**637**	**17,890**	**24,822**
Accumulated amortization, January 1, 2011	2,473	4	404	–	2,881
Amortization for the year	678	1	35	–	714
Translation differences	77	0	7	–	84
Accumulated amortization, December 31, 2011	**3,228**	**5**	**446**	**–**	**3,679**
Accumulated amortization, January 1, 2012	3,228	5	446	–	3,679
Amortization for the year	707	0	40	–	747
Translation differences	–206	–	–22	–	–228
Accumulated amortization, December 31, 2012	**3,729**	**5**	**464**	**–**	**4,198**
Accumulated write-down, January 1, 2011	–	–	–	–	–
Write-down for the year	–	–	–	8	8
Translation differences	–	–	–	–	–
Accumulated write-down, December 31, 2011	**–**	**–**	**–**	**8**	**8**
Accumulated write-down, January 1, 2012	–	–	–	8	8
Write-down for the year	–	–	–	–	–
Translation differences	–	–	–	–	–
Accumulated write-down, December 31, 2012	**–**	**–**	**–**	**8**	**8**
Residual value, December 31, 2011	**3,432**	**–**	**206**	**18,911**	**22,549**
Residual value, December 31, 2012	**2,561**	**–**	**173**	**17,882**	**20,616**

Amortization for the year is included in the income statement in the amount of SEK 746 (710) million in cost of goods sold; SEK 1(1) million in administrative expenses and SEK 0 (3) million in other operating expenses. There are no internally generated intangible assets.

6 Intangible assets cont.

Test of impairment of goodwill

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

SSAB North America

SEK millions	2012	2011
Goodwill	17,790	18,841

A recoverable amount for a cash-generating unit is based on calculations of value in use. These calculations are based on financial budgets and forecasts produced on a regular basis by management. Cash flows beyond a five year period have been extrapolated using assessed growth in accordance with the information below. The rate of growth does not exceed the long-term rate of growth for the market on which the cash-generating unit operates. SSAB North America is part of the segment SSAB Americas. For more information about SSAB Americas, see pages 26–27 and Note 26.

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

SSAB North America

%	2012	2011
Assessed long-term rate of growth	2	2
Weighted average discount rate, before tax	11.0	11.3

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

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

Calculations conducted using the above assumptions have demonstrated that no impairment of goodwill exists. For a sensitivity analysis, see Note 28.

Emission rights

The estimated consumption of emission rights in 2012 amounted to 4.4 (5.5) million tonnes. In 2012, 0.0 (4.1) million tonnes were sold. Provisionally, the volume of emission rights for the new trading period amounts to approximately 2.8 million tonnes. The preliminary allocation of emission rights for the third trading period, 2013-2020, was announced in December 2011. The allocation proposal entails a lower allocation than for the current period; a final allocation will be announced in 2013. The emission rights are reported as intangible assets booked at an acquisition value of 0 SEK.

7 Tangible fixed assets

Group

SEK millions	Land and land improvements	Buildings	Machinery	Equipment, tools, fixtures and fittings	Construction in progress and advances to suppliers	Total tangible fixed assets
Acquisition value, January 1, 2011	613	3,882	27,360	519	2,835	35,209
Acquisitions	2	24	1,421	30	1,634	3,111
Increase through acquisition of businesses/ operations	–	–	–	–	16	16
Sales and disposals	–3	–5	–262	–18	–	–288
Reclassifications	2	123	1,493	13	–1,623	8
Translation differences	–2	17	116	–4	60	187
Acquisition value, December 31, 2011	612	4,041	30,128	540	2,922	38,243
Acquisition value, January 1, 2012	612	4,041	30,128	540	2,922	38,243
Acquisitions	2	5	44	23	1,356	1,430
Increase through acquisition of businesses/ operations	–	–	20	2	–	22
Sales and disposals	–5	–10	–934	–43	–18	–1,010
Reclassifications	6	390	2,639	83	–3,135	–17
Translation differences	–7	–72	–448	–6	–41	–574
Acquisition value, December 31, 2012	**608**	**4,354**	**31,449**	**599**	**1,084**	**38,094**
Accumulated depreciation, January 1, 2011	94	1,954	15,838	259	–	18,145
Sales and disposals	–3	–5	–232	–17	–	–257
Depreciation for the year	20	106	1,475	7	–	1,608
Reclassifications	–	–	–	–	–	–
Translation differences	0	4	40	–7	–	37
Acc. depreciation, December 31, 2011	111	2,059	17,121	242		19,533
Accumulated depreciation, January 1, 2012	111	2,059	17,121	242	–	19,533
Sales and disposals	–4	–10	–720	–35	–	–769
Depreciation for the year	20	109	1,673	37	–	1,839
Reclassifications	0	–	–	–	–	0
Translation differences	0	–13	–129	7	–	–135
Acc. depreciation, December 31, 2012	**127**	**2,145**	**17,945**	**251**	**–**	**20,468**
Accumulated write-down, January 1, 2011	1	–	–	–	–	1
Write-down for the year	–	–	15	–	–	15
Translation differences	–	–	1	–	–	1
Acc. write-down, December 31, 2011	1	–	16	–	–	17
Accumulated write-down, January 1, 2012	1	–	16	–	–	17
Write-down for the year	–	–	0	–	–	0
Translation differences	–	–	–1	–	–	–1
Acc. write-down, December 31, 2012	**1**	**–**	**15**	**–**	**–**	**16**
Residual value, December 31, 2011	500	1,982	12,991	298	2,922	18,693
Residual value, December 31, 2012	**480**	**2,209**	**13,489**	**348**	**1,084**	**17,610**

7 Tangible fixed assets cont.

Depreciation for the year is included in the income statement in the amount of SEK 1,775 (1,540) million in costs of goods sold; SEK 31 (31) million in selling expenses; SEK 27 (31) million in administrative expenses; and SEK 6 (6) million in other expenses.

Commencing October 1, 2008, the Company applies IAS 23 regarding capitalization of interest during the construction period. During the period, SEK 12 (48) million was capitalized and the rate of interest applied was 2.5 (1.6) percent.

The item "Machinery" includes financial leasing agreements in the amount of SEK 88 (88) million in acquisition value and SEK 26 (24) million in residual value.

As per the balance sheet date, there were contracted investments in fixed assets valued at SEK 218 (525) million which were not reported in the financial statements.

Parent Company

SEK millions	Equipment, tools, fixtures and fittings	Total tangible fixed assets
Acquisition value, January 1, 2011	11	11
Acquisitions	0	0
Sales and disposals	–1	–1
Acquisition value, December 31, 2011	**10**	**10**
Acquisition value, January 1, 2012	10	10
Acquisitions	0	0
Sales and disposals	–	–
Acquisition value, December 31, 2012	**10**	**10**
Accumulated depreciation, January 1, 2011	7	7
Sales and disposals	–	–
Depreciation for the year	1	1
Accumulated depreciation, December 31, 2011	**8**	**8**
Accumulated depreciation, January 1, 2012	8	8
Sales and disposals	–	–
Depreciation for the year	1	1
Accumulated depreciation, December 31, 2012	**9**	**9**
Residual value, December 31, 2011	**2**	**2**
Residual value, December 31, 2012	**1**	**1**

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

Group

SEK millions	Other shares and participations	Other long-term receivables	Total financial assets	Participations in affiliated companies and JV
Book value at January 1, 2011	10	67	77	395
Investments	–	4	4	21
Sales and amortization	–3	–4	–7	–
Shares in profit after tax	–	–	–	44
Reclassification	–	32	32	–
Dividend	–	–	–	–92
Translation differences	0	0	0	–19
Book value at December 31, 2011	**7**	**99**	**106**	**349**
Book value at January 1, 2012	7	99	106	349
Investments	5	1,019	1,024	1
Sales and amortization	0	–56	–56	–
Shares in profit after tax	–	–	–	32
Reclassification	0	1	1	–
Dividend	–	–	–	–56
Translation differences	0	–40	–40	1
Book value at December 31, 2012	**12**	**1,023**	**1,035**	**327**

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

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

Parent Company

SEK millions	Shares in subsidiaries	Shares in affiliated companies	Other shares and participations	Other long-term receivables	Total financial assets
Acquisition value, January 1, 2011	38,756	10	3	30	38,799
Investments	393	–	–	4	397
Sales and amortization	–	–	–	–	–
Residual value according to plan, December 31, 2011	**39,149**	**10**	**3**	**34**	**39,196**
Acquisition value, January 1, 2012	39,149	10	3	34	39,196
Investments	–	1	5	–	6
Sales and amortization	–	–	–	–29	–29
Residual value according to plan, December 31, 2012	**39,149**	**11**	**8**	**5**	**39,173**

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

Parent Company's shares and participations in subsidiaries

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

Other shares and participations

Tenant-owner rights	8
Total, Parent Company's other shares and participations	**8**
Subsidiaries' other shares and participations[2]	4
Total, Group's other shares and participations	**12**

Parent Company's shares in affiliated companies

	Reg. no	Office	Number	%[1]	Book value, SEK millions
Lulekraft AB	556195-0576	Luleå	100,000	50	10
Industrikraft i Sverige AB	556761-5371	Stockholm	20,000	20	1
Total, Parent Company's shares in affiliated companies					**11**

Subsidiaries' shares and participations in affiliated companies and joint venture

	Reg. no	Office	Number	%[1]	Participation, SEK millions
Oxelösunds Hamn AB	556207-4913	Oxelösund	5,000	50	96
Geha BV		The Netherlands	35,928	30	23
Blastech Mobile LLC		Alabama, USA		50	25
Norsk Stål A/S		Norway	31,750	50	126
Norsk Stål Tynnplater A/S		Norway	13,250	50	44
					314
Equity shares in affiliated companies and joint venture's equity in excess of the book value in the Parent Company					**2**
Total, Group participations in affiliated companies and joint venture					**327**

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

9 Inventories

	Group		Parent Company	
SEK millions	**2012**	2011	**2012**	2011
Raw materials, consumables and semi-finished goods	3,725	5,061	–	–
Slabs	654	743	–	–
Work in progress	515	630	–	–
Stocks of finished goods	4,541	5,253	–	–
Total inventories	**9,435**	11,687	**–**	–

SEK 657 (1,122) million of the inventory value is valued at net realizable value. The share of inventories which is booked as an expense amounts to SEK 36,129 (39,859) million during the period, where of SEK 93 (169) million was reported as an expense relating to impairment of inventories.

10 Prepaid expenses and accrued income

	Group		Parent Company	
SEK millions	**2012**	2011	**2012**	2011
Delivered, non-invoiced goods and services	111	44	–	–
Bonuses, discounts, licenses and similar	18	22	–	–
Prepaid rents	31	34	3	3
Prepaid insurance premiums	16	13	–	0
Advances raw material	140	–	–	–
Accrued interest income	9	11	9	11
Derivatives reported in hedge accounting	194	313	73	0
Derivatives not reported in hedge accounting	53	109	18	23
Revaluation, hedged orders	113	–	–	–
Freight support	–	2	–	–
Unsettled insurance indemnification	–	4	–	–
Other prepaid expenses	69	90	32	34
Total prepaid expenses and accrued income	**754**	642	**135**	71

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

	Group		Parent Company	
SEK millions	**2012**	2011	**2012**	2011
Other current interest-bearing receivables				
Restricted funds	24	445	–	–
Other current interest-bearing receivables	–	13	–	–
Total current interest-bearing receivables	**24**	458	**–**	–
Cash and cash equivalents				
Cash and bank balances	1,177	963	149	314
Short-term investments (term to maturity of less than three months)	1,827	685	390	685
Total cash and cash equivalents	**3,004**	1,648	**539**	999

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

12 Equity

The share capital is SEK 2,851 (2,851) million, divided into 323.9 (323.9) million shares, with a par value of SEK 8.80 (8.80) per share. 240.7 (240.7) million of the shares are Class A shares while 83.2 (83.2) million are Class B shares. Each Class A share entitles the holder to one vote, while each Class B share entitles the holder to one-tenth of one vote. No shares are held in treasury by the Company or its subsidiaries.

Number of shares/share capital	Group	
	2012	2011
Numbers of shares in million	323.9	323.9
Share capital in SEK million	2,851	2,851

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

Group

SEK millions	Reserve for hedge of foreign operations	Reserve for cashflow hedges	Translation reserve	Total reserves
Reserves, January 1, 2011	–1,736	132	–440	–2,044
Translation differences during the period			464	464
Fair value changes during the period	–155	78		–77
Tax related to fair value changes during the period	41	–20		21
Transferred to the income statement		–180		–180
Tax related to transferred to the income statement		47		47
Reserves, December 31, 2011	–1,850	57	24	–1,769
Reserves, January 1, 2012	**–1,850**	**57**	**24**	**–1,769**
Translation differences during the period			–1,747	–1,747
Fair value changes during the period	610	–186		424
Tax related to fair value changes during the period	–160	49		–111
Transferred to the income statement		102		102
Tax related to transferred to the income statement		–27		–27
Reserves, December 31, 2012	**–1,400**	**–5**	**–1,723**	**–3,128**

Exchange rate differences which arise upon the translation into Swedish kronor of the net investment in foreign subsidiaries are transferred to the translation reserve. The accumulated translation differences amounted to SEK –1,723 (24) million. The exchange rate differences in conjunction with the translation of loans or other financial instruments taken up in order to hedge the exchange rate of net assets in foreign subsidiaries are transferred to the reserve for hedge of foreign operations. The accumulated translation differences amounted to SEK –1,400 (–1,850) million. Exchange rate differences in conjunction with cash flow hedge of significant sales in foreign currency as well as hedge of interest rates from variable to fixed rate are transferred to the reserve for cash flow hedge. The accumulated translation differences amounted to SEK –5 (57) million.

The proposed but as yet not resolved upon dividend for 2012 amounts to SEK 324 (648) million, equal to SEK 1.00 (2.00) per share. The amount has not been reported as a liability.

13 Pensions

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

The total pension expenses are broken down as follows:	Group		Parent Company	
SEK millions	**2012**	2011	**2012**	2011
Fees for contribution-based plans	280	250	15	14
Fees for pension insurance policies with Alecta[1)]	81	55	5	4
Pension expenses, benefit-based plans	18	14	–1	–1
Special employer's contributions	75	71	4	4
Other	11	8	0	0
Total pension expenses	**465**	398	**23**	21

1) Alecta's surplus can be allocated to the policyholders and/or the insurers. At the end of September 30 2012, Alecta's surplus in the form of the collective funding level amounted to 123 percent compered with 113 percent as per the end of 2011. The collective funding level consist of the market value of Alecta's assets as a percentage of insurance commitments calculated in accordance with Alecta's actuarial calculation assumptions, which do not concur with IAS 19.

The following provisions for pension obligations have been made in the balance sheet:	Group		Parent Company	
SEK millions	**2012**	2011	**2012**	2011
Funded pension obligations	33	31	–	–
Fair value of managed assets	–33	–31	–	–
Pension obligations less managed assets	**0**	0	**–**	–
Unfunded pension obligations	166	162	3	3
Pension provisions	**166**	162	**3**	3

Changes in benefit-based obligations during the year:	Group		Parent Company	
SEK millions	**2012**	2011	**2012**	2011
Pension obligations, opening balance	193	168	3	4
Benefits earned during the year	24	40	0	0
Actuarial gains/losses	12	–3	0	0
Interest expenses	5	7	0	0
Paid benefits	–29	–20	0	–1
Translation differences	–6	1	–	–
Pension obligations, closing balance	**199**	193	**3**	3

Changes in the value of the managed assets during the year:	Group		Parent Company	
SEK millions	**2012**	2011	**2012**	2011
Managed assets, opening balance	31	31	–	–
Actuarial gains/losses	2	–3	–	–
Return during the year	1	2	–	–
Fees from employer	2	2	–	–
Paid benefits	–1	–2	–	–
Translation differences	–2	1	–	–
Managed assets, closing balance	**33**	31	**–**	–

13 Pensions cont.

SEK millions	2012	2011
Experience based adjustments		
• benefit-based obligations	12	8
• managed assets	2	–3

Actuarial calculation assumptions

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

%	2012	2011
Discount rate (morgage bonds)[1]	2.5	2.5
Inflation	2	2
Anticipated increase in salaries	3	3
Personnel turnover	1	1
Increase in income-base amount	3	3

[1] Government bonds during 2011. In SSAB North America, however, the discount rate has been 5.2 (5.7) percent and the salary increase 3.5 (3.5) percent.

14 Deferred tax liabilities and tax receivables

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

Changes in deferred tax (receivables +/liabilities –)

	Group						
SEK millions	Accelerated depreciation of fixed assets	Tax allocation reserves	Pension provisions	Long-term deferred income	Deferred tax on surplus values	Other	Total
Opening balance January 1, 2011	–2,321	–553	29	0	–2,150	203	–4,792
Changes against earnings	–124	–5	23	–32	246	–55	53
Changes against other comprehensive income	0	0	17			11	28
Changes against investment grant	0	0		551			551
Translation difference	–62	0	2	23	–16	–4	–57
Closing balance December 31, 2011	–2,507	–558	71	542	–1,920	155	–4,217
Opening balance January 1, 2012	–2,507	–558	71	542	–1,920	155	–4,217
Changes against earnings	255	263	–18	–12	334	144	966
Changes against other comprehensive income	0	0	1			24	25
Changes against investment grant	0	0		–52			–52
Translation difference	67	0	–14	–23	94	2	126
Closing balance December 31, 2012	**–2,185**	**–295**	**40**	**455**	**–1,492**	**325**	**–3,152**

14 Deferred tax liabilities and tax receivables cont.

Deferred tax receivables and liabilities are distributed as follows:

	Group	
Deferred tax receivables	**2012**	2011
• due within 12 months	34	17
• due after more than 12 months	634	685
	668	702
Deferred tax liabilities		
• due within 12 months	–329	–300
• due after more than 12 months	–3,491	–4,619
	–3,820	–4,919
Deferred tax, net	**–3,152**	–4,217

Changes in deferred tax (receivables +/liabilities –)	Parent company		
SEK millions	Pension provisions	Other	Total
Opening balance January 1, 2011	1	3	4
Changes against other comprehensive income	0	0	0
Changes through acquisition of businesses	0	0	0
Closing balance December 31, 2011	1	3	4
Opening balance January 1, 2012	1	3	4
Changes against other comprehensive income	0	6	6
Changes through acquisition of businesses	0	0	0
Closing balance December 31, 2012	**1**	**9**	**10**

A deferred tax receivable due to losses carried forward is recognized as an asset only to the extent that it is likely that the deduction can be set off against future surpluses. The Group did not recognize deferred tax receivables on losses carried forward in the amount of SEK 158 (78) million. SEK 12 (6) Million of these will expire within one year.

15 Other provisions

Group

SEK millions	Efficiency program	Warranties, divestment of operations[1]	Other provisions[2]	Total
Opening balance, January 1, 2011	–	82	90	172
Additional provisions	–	–	22	22
Utilized during the year	–	–	–19	–19
Translation difference	–	–	2	2
Closing balance, December 31, 2011	**–**	**82**	**95**	**177**
Opening balance, January 1, 2012	–	82	95	177
Additional provisions	41	–	21	62
Utilized during the year	–38	–4	–21	–63
Translation difference	–	–	–2	–2
Closing balance, December 31, 2012	**3**	**78**	**93**	**174**

of which reported as:

	2012	2011
• Other long-term provisions	140	136
• Short-term provisions	34	41

Parent Company

SEK millions	Warranties, divestment of operations[1]	Other provisions[2]	Total
Opening balance, January 1, 2011	82	15	97
Additional provisions	0	10	10
Utilized during the year	0	–15	–15
Closing balance, December 31, 2011	**82**	**10**	**92**
Opening balance, January 1, 2012	82	10	92
Additional provisions	–	9	9
Utilized during the year	–4	–10	–14
Closing balance, December 31, 2012	**78**	**9**	**87**

of which reported as:

	2012	2011
• Other long-term provisions	66	67
• Short-term provisions	21	25

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

[2] "Other provisions" consist primarily of personnel-related provisions.

16 Interest-bearing liabilities

Long-term interest-bearing liabilities	Group		Parent Company	
SEK millions	2012	2011	2012	2011
Capital market debt[1]	7,888	7,072	7,888	7,072
Financial leasing agreements	18	23	–	–
Bank loans[2]	8,402	9,487	8,402	9,487
Export financing[3]	356	451	–	–
Alabama tax revenue bond[4]	1,416	1,500	–	–
Other	346	57	149	53
Total	**18 ,426**	**18,590**	**16,439**	**16,612**
Less amortization 2013 and 2012	–159	–1,650	–53	–1,544
Total	**18,267**	**16,940**	**16,386**	**15,068**

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

Issued/matures	Interest rate (nominal), %	Group		Parent Company	
		Outstanding, SEK millions			
SEK millions		2012	2011	2012	2011
[1] **Specification of capital market debt**					
Fixed interest					
2007–2017	5.25 – 5.875	2,884	2,965	2,884	2,965
2012–2017	4.875	525	–	525	–
Variable interest					
2009–2017	stibor +1.70 – +2.45	3,450	3,520	3,450	3,520
2010–2018	libor +1.75	554	587	554	587
2012–2017	stibor +3.40	475	–	475	–
Total capital market debt		**7,888**	**7,072**	**7,888**	**7,072**
[2] **Specification of bank loans**					
Variable interest					
2007–2014	libor +1.00 – +2.00	6,777	7,177	6,777	7,177
2007–2015	stibor +1.50 – +1.75	1,625	2,310	1,625	2,310
Total bank loans		**8,402**	**9,487**	**8,402**	**9,487**
[3] **Specification of export financing**					
Variable interest					
2009–2016	euribor + 1.50	356	451	–	–
Total export financing		**356**	**451**	**–**	**–**
[4] **Specification of Alabama tax revenue bond**					
Variable interest					
2011–2031	libor + 0.95	376	389	–	–
2011–2041	libor + 0.95	1,040	1,111	–	–
Total Alabama tax revenue bond		**1,416**	**1,500**	**–**	**–**

Repayment of long-term interest-bearing liabilities						
SEK millions	2013	2014	2015	2016	2017	Later
As per December 31, 2012						
Group	159	2,364	5,254	2,058	6,622	1,969
Parent Company	53	2,065	5,146	2,000	6,622	553

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

16 Interest-bearing liabilities cont.

Short-term interest-bearing liabilities	Group		Parent Company	
SEK millions	2012	2011	2012	2011
Current part of long-term liabilities	159	1,650	53	1,544
Commercial paper	866	1,922	866	1,922
Overdraft facilities	76	6	56	0
Other short-term interest bearing liabilities	14	29	–	–
Total short-term interest-bearing liabilities	**1,115**	3,607	**975**	3,466

Loan debts are valued at the amortized cost.

Most of the loans in foreign currency is used as hedging for the net investment in SSAB Americas and thus has not been hedged.

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

Amount falling due for interest rate renegotiation						
SEK millions	2013	2014	2015	2016	2017	Later
As per December 31, 2012						
Group	12,272	2,251	6	2,005	1,892	0
Parent Company	10,493	2,054	0	2,000	1,892	0

Amount falling due for interest rate renegotiation						
SEK millions	2012	2013	2014	2015	2016	Later
As per December 31, 2011						
Group	3,501	13,085	33	522	0	1,449
Parent Company	1,544	13,076	26	517	0	1,449

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

17 Accrued expenses and deferred income

Accrued expenses and short term deferred income	Group		Parent Company	
SEK millions	2012	2011	2012	2011
Accrued personnel expenses	941	981	22	18
Non-invoiced goods and services received	564	240	–	–
Accrued interest expenses	76	87	74	87
Accrued discounts, bonuses and complaints	16	18	–	–
Revaluation, hedged orders	–	176	–	–
Derivatives reported in hedge accounting	192	76	42	37
Derivatives not reported in hedge accounting	114	7	–	–
Energy taxes	14	5	–	–
Other items	81	81	7	5
Total accrued expenses and short term deferred income	**1,998**	1,671	**145**	147

Long-term deferred income	Group		Parent Company	
SEK millions	2012	2011	2012	2011
Investment grant (Alabama tax credit)	456	543	–	–
Total long-term deferred income	**456**	543	**–**	–

18 Net debt

	Group		Parent Company	
SEK millions	**2012**	2011	**2012**	2011
Cash and bank balances	1,177	963	149	314
Short-term investments	1,827	685	390	685
Receivables from subsidiaries	–	–	12,102	13,851
Other receivables	1,143	667	96	57
Interest-bearing assets	**4,147**	**2,315**	**12,737**	**14,907**
Short-term interest-bearing liabilities	1,115	3,607	975	3,466
Long-term interest-bearing liabilities	18,267	16,940	16,386	15,068
Pension provisions	166	162	3	3
Liabilities to subsidiaries	–	–	2,617	4,254
Other liabilities	97	81	42	35
Interest-bearing liabilities	**19,645**	**20,790**	**20,023**	**22,826**
Net debt	**15,498**	**18,475**	**7,286**	**7,919**

For defintion see Note 29.

19 Average number of employees and gender breakdown

	Number of employees		Women, %	
	2012	2011	**2012**	2011
Parent Company				
Sweden	57	52	51	50
Total, Parent Company	**57**	**52**	**51**	**50**
Subsidiaries				
Sweden	6,402	6,644	20	19
Denmark	55	60	42	40
Finland	120	126	29	28
France	22	21	45	48
Italy	56	54	27	26
Canada	87	84	11	10
China	147	74	21	43
Netherlands	24	22	25	23
Norway	29	30	21	20
Poland	111	93	28	35
Great Britain	42	41	26	45
South Africa	92	76	13	16
Germany	33	33	36	36
USA	1,273	1,239	12	12
Other < 20 employees	145	181	34	31
Total, subsidiaries	**8,638**	**8,778**	**20**	**19**
Total, Group	**8,695**	**8,830**	**20**	**19**

The calculation is based on a normal number of working hours per year in different production areas. The percentage of women relates to the numbers employed on December 31. Women accounted for 6 (9) percent of the members of all boards of directors in the Group, while the figure for the Board of Directors of the parent company was 8 (8) percent. The percentage of women in the management groups (including Presidents) in the Group was 16 (18) percent. The Group Executive Committee comprises eight men and two women.

20 Leasing

Operational leasing	Group		Parent Company	
SEK millions	2012	2011	2012	2011
Minimum leasing charges during the year	**136**	126	**10**	10

The agreed minimum leasing charges relating to operational leasing agreements that cannot be terminated amount to SEK 108 million for 2013; a total of SEK 318 million for 2014–2017; and to SEK 144 million for the years after 2017. Operational leasing includes office equipment, leases for property, premises and rolling stock for transportation in the steel operations.

Financial leasing	Group		Parent Company	
SEK millions	2012	2011	2012	2011
Minimum leasing charges during the year	**9**	11	**–**	–

Agreed minimum leasing charges for 2013 amount to SEK 4 million and to a total of SEK 15 million for 2014–2017. The present value of financial leasing liabilities is SEK 12 (20) million. Financial leasing includes a switchgear, rolling stock for transportation in the steel operations, as well as a number of fork lift trucks.

21 Pledged assets

	Group		Parent Company	
SEK millions	2012	2011	2012	2011
Real property mortgages	39	39	–	–
Floating charges	–	2	–	–
Restricted funds	203	–	–	–
Total pledged assets	**242**	41	**–**	–

22 Contingent liabilities

	Group		Parent Company	
SEK millions	**2012**	2011	**2012**	2011
Contingent liabilities regarding subsidiaries' obligations[1)]	534	143	2,469	2,205
Other contingent liabilities	60	55	43	39
Total contingent liabilities	**594**	198	**2,512**	2,244

[1)] Of the contingent liabilities of the parent company, SEK 1,790 (1,984) million relates to guarantees for subsidiaries' loans.

Conditions not reported as contingent liabilities

During the autumn of 2008, a number of class actions were brought in USA against a number of steel producers, including SSAB, alleging that they had violated US anti-trust legislation by colluding to restrict steel production in the United States during 2005–2008 with the aim of influencing steel prices. The opposing party consists of direct and indirect purchasers of relevant steel products who are claiming an unspecified amount in damages from the sued steel producers. SSAB denies the allegations.

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

23 Untaxed reserves and appropriations

Untaxed reserves	Parent Company	
SEK millions	**2012**	2011
Tax allocation reserve 2008	133	619
Tax allocation reserve 2010	42	42
Total untaxed reserves in the balance sheet	**175**	661

Appropriations	Parent Company	
SEK millions	**2012**	2011
Group contribution, received[1)]	559	523
Group contribution, given[1)]	–1,150	–400
Difference between booked depreciation and depreciation according to plan	0	0
Change in tax allocation reserve	486	33
Total appropriations in the income statement	**–105**	156

[1)] In accordance with changed accounting principles for 2012, received/given group contributions are disclosed as appropriations. In 2011, group contributions were disclosed as financial income/expense. 2011 has been adjusted with SEK 123 million.

24 Acquisition businesses and operations

EM Eriksson Steel Service Center Aktiebolag, which specializes in cutting, bending and laser cutting of high strength steels, was acquired in 2012. The purchase price was SEK 29 million and the acquired net assets amounted to SEK 7 million. The impact on the Group's cash and equivalents was SEK –29 million. During the year, the parent company acquired 20% of the shares in Industrikraft i Sverige AB for SEK 1 million. Industrikraft is a company which has the aim of developing, together with a power producer, new power production in Sweden in order to ensure the long-term supply of power to Swedish industry. Expenditures associated with the acquisition have been reported as expenses.

Acquired net assets and goodwill, EM Eriksson Steel Service Center AB

SEK millions	2012
Acquisition price	29
Fair value acquired net assets	–7
Goodwill (Note 6)	22

Net assets at the time of the acquisition	Acquisition value, net assets	Fair value
SEK millions		
Tangible fixed assets (Note 7)	22	22
Inventories	3	3
Accounts receivable	9	9
Other current receivables	2	2
Long-term liabilities	–19	–19
Accounts payable	–4	–4
Current tax liability	–2	–2
Othcer current liabilities	–4	–4
Total acquired net assets	**7**	**7**
Goodwill (Note 6)		**22**
Purchase price EM Eriksson Steel Service Center AB		**–29**
Purchase price Industrikraft i Sverige AB		**–1**
Change in the Group's cash and cash equivalents		**–30**

In 2011, the net assets in the wear steel producer, Hard Wear Inc. USA, was acquired. The acquisition price amounted SEK 78 million and the acquired net assets were SEK 42 million. The fair value of the aquired net assets werer the same amount as the preliminary valuation. Also, in 2011, 30 percent of the shares in Geha BV, the Netherlands, was acquired for SEK 21 million. Acquisition related costs have been expensed. The effect of the group's cash balance amounted to SEK –99 million.

25 Divested businesses and operations

Plannja's panel production business was divested in 2012, thereby generating a positive cash flow effect of SEK 31 million and a profit of SEK 0 million. No divestments took place in 2011.

26 Segments

The Group Executive Committee has determined segments based on the information that is used for taking strategic decisions. The key features of SSAB's strategic plan of action are based on increasing growth within niche products, increasing profitability at current plants, and strengthening the organization. The business operations are reorganized into three geographic business areas, SSAB EMEA, SSAB Americas and SSAB APAC.

The Tibnor distribution operations remain as a separate business segment. SSAB EMEA consist of Europe, the Middle East and Africa; SSAB Americas of North and Latin America; SSAB APAC of Asia, Australia and New Zealand and Tibnor of steel and metal distribution in northern Europe. The segment information is presented in the tables below:

Sales and results per business area	Total sales		of which internal sales		Operating profit		Return on capital employed, %	
SEK millions	**2012**	2011	**2012**	2011	**2012**	2011	**2012**	2011
Business area:								
SSAB EMEA[1]	20,258	23,768	5,419	5,919	–930	649	–6	4
SSAB Americas[2]	16,173	17,099	195	166	1,568	2,109	18	27
SSAB APAC	2,318	2,811	0	0	167	324	11	29
Tibnor	5,961	7,244	58	70	104	254	7	14
Amortization of surplus values[3]					–861	–758		
Other incl. Group adjustments	–5,787	–6,282	–5,672	–6,155	–144	–66	–	–
Total	**38,923**	44,640	**–**	–	**–96**	2,512	**0**	5

[1] Operating profit includes gain of SEK 1 (275) million on sales of emission rights.
[2] Operating profit and returns exclude surplus values on intangible and tangible assets. The return includes surplus values. Excluding surplus values the returns are 2 (4) percent.
[3] Depreciation and amortization on surplus values on intangible and tangible fixed assets related to the acquisition of IPSCO.

Balance and cash flow information per business area	Capital employed		Depreciation and amortization[1]		Maintenance expenditures		Strategic investments		Operational cash flow	
SEK millions	**2012**	2011	**2012**	2011	**2012**	2011	**2012**	2011	**2012**	2011
Business area:										
SSAB EMEA	15,925	17,969	1,264	1,150	660	1,087	99	699	2,260	1,261
SSAB Americas	28,292	31,090	1,259	1,144	84	158	486	969	2,390	1,296
SSAB APAC	1.934	1,385	14	5	5	2	71	164	99	24
Tibnor	1,442	1,713	48	44	25	32	–	–	378	356
Other incl. Group adjustments	821	–599	1	2	1	0	–	–	–198	–116
Total	**48,414**	51,558	**2,586**	2,345	**775**	1,279	**656**	1,832	**4,929**	2,821

[1] SSAB America including depreciation and amortization on surplus values of SEK 861 (758) million.

26 Segments cont.

Geographical areas

The Group's export sales from Sweden are focused primarily on Europe. However, as a consequence of growth in the Group's niche products, sales in more distant markets are increasing.

The manufacture of the Group's steel products take place almost exclusively in Sweden and the United States. Thus, investments other than in those countries have been small.

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

Sales and results per business area

SEK millions	2012	%	2011	%
Sweden	7,613	20	9,406	21
EU–27 (excl. Sweden)	10,221	26	12,320	28
Rest of Europe	2,038	5	2,348	5
North America	15,060	39	16,185	36
Asia	2,621	7	2,999	7
Rest of the world	1,370	3	1,382	3
Total	**38,923**	**100**	**44,640**	**100**

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

Tangible/Intangible assets and capital expenditures per business area

	Tangible/Intangible assets				Capital expenditures			
SEK millions	2012	%	2011	%	2012	%	2011	%
Sweden	10,009	26	10,610	26	756	53	1,795	58
EU–27 (excl. Sweden)	187	1	189	0	19	1	18	1
Rest of Europe	16	0	16	0	5	0	4	0
North America	27,633	72	30,102	73	556	39	1,122	36
Asia	357	1	311	1	77	6	166	5
Rest of the world	24	0	14	0	18	1	6	0
Total	**38,226**	**100**	**41,242**	**100**	**1,431**	**100**	**3,111**	**100**

27 Financial risk management

Financial risk management is governed by the Group's finance policy. Most financial transactions take place through the parent company's finance function in Stockholm and through SSAB Finance Belgium. For further information about the Group's financial risk, price risk and other risks, see page 44.

Refinancing risks (liquidity risks)

At year-end, long-term borrowing amounted to SEK 18,267 (16,940) million. Borrowing takes place primarily through the bank market and through existing note and commercial paperprograms. For borrowing for terms of up to ten years, a European Medium Term Note Program (EMTN) or a Swedish MTN program is used, while a Swedish commercial paper program is used for borrowing for shorter terms. The program limit of the EMTN program is EUR 2,000 million, the MTN program has a limit of SEK 7,000 million, while the commercial paper programs has a limit of SEK 5,000 million. The Swedish note program is rated by Standard & Poor's at BB+. At year-end, long-term borrowing within the EMTN program amounted to SEK 1,368 (1,449) million, borrowing within the MTN program amounted to SEK 4,500 (3,500) million, and borrowing within the commercial paper program amounted to SEK 866 (1,922) million.

The Group's liquidity preparedness, consisting of cash and cash equivalents, short-term investments and non-utilized binding credit facilities, amounted at year-end to SEK 11,699 (13,341) million, equal to 30 (30) percent of sales.

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

The total loan debt at year-end was SEK 19,382 (20,547) million, with an average term to maturity of 4.8 (5.1) years. The average term to maturity has been possible to keep around five years through refinancing of existing loans.

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

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

SEK millions	Book value	Contractual cash flow	2013	2014	2015	2016	2017	Later
Bond loans	7,888	9,191	332	2,348	227	2,227	3,492	565
Bank loans	8,402	9,012	168	168	5,312	75	3,289	–
Export financing	356	380	107	107	107	59	–	–
Alabama tax revenue bond	1,416	1,911	16	16	16	16	16	1,831
Commercial paper	866	867	867	–	–	–	–	–
Credit facilities	56	56	56	–	–	–	–	–
Other	398	425	81	243	13	4	69	15
Total	**19,382**	**21,842**	**1,627**	**2,882**	**5,675**	**2,381**	**6,866**	**2,411**
Derivatives, inflow, net	–14,752	–14,752	–14,403	–239	–110	–	–	–
Derivatives, outflow, net	14,621	14,621	14,296	223	102	–	–	–
Total including derivatives	**19,251**	**21,711**	**1,520**	**2,866**	**5,667**	**2,381**	**6,866**	**2,411**

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

27 Financial risk management cont.

Market risks

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

INTEREST RATE RISKS

At the end of the year, the total loan debt amounted to SEK 19,382 (20,547) million, of which SEK 5,909 (5,465) million were carried or swapped to fixed interest. Including the interest rate swaps, the average fixed rate term was 1.2 (1.1) years. Given the same loan debt, short-term investments, cash and cash equivalents and the same fixed rate terms as at the end of the year, a change in market interest rates of 100 points (1 percentage point), including interest hedging, would change earnings after tax by approximately SEK 80 (100) million. Loans which are subject to rate renegotiation in the coming years are shown in Note 16.

At the end of the year, the value of interest rate swaps converting floating to fixed interest (entered into to secure cash flow from interest payments) had a value of SEK –42 (–14) million, which has been recorded in other comprehensive income. No inefficiency was identified during the year.

The Group's interest-bearing assets amounted to SEK 4,147 (2,315) million and consisted of cash equivalents and long term investments which both are at variable rates of interest.

CURRENCY RISKS

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

The Group had a total net inflow of foreign currency. The net foreign currency inflow in 2011 was SEK 2.6 (3.5) billion. The Group's most important currency flows are shown in the diagram on page 44.

Based on revenues and expenses in foreign currency in 2012, a five percentage point devaluation of the Swedish krona against other currencies, including hedging, would have an annual positive effect on earnings after tax of SEK 240 (270) million.

A five percentage point devaluation of the Swedish krona against the Group's two most important currencies, USD and EUR, would have a negative impact on earnings after tax of approximately SEK 230 (260) million with respect to USD and a positive impact of just over SEK 380 (440) million with respect to EUR. The negative effect vis-à-vis USD consists of an increased cost for the Group's purchases of the raw materials, coal, iron ore and scrap metal, in the amount of approximately SEK 520 (600) million, a positive effect on the business' net flows of USD in other respects of approximately SEK 300 (350) million, and a negative impact as regards increased interest payments of approximately SEK 10 (10) million. The positive effect vis-à-vis EUR derives from the business' net flows.

In 2012, net exchange rate differences were booked in the amount of SEK +111 (+268) million in operating profit and SEK –26 (–8) million in financial items.

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

	Group		Parent Company	
SEK millions	**2012**	2011	**2012**	2011
SEK	1,079	1,637	3	7
USD	1,565	1,920	91	23
EUR	1,399	1,892	–	–
Other currencies	924	1,210	–	–
Total	**4,967**	6,659	**94**	30
of which:				
Accounts receivable	4,383	5,734	0	0
Other current receivables	337	503	3	7
Derivative instruments[1)]	247	422	91	23
Total	**4,967**	6,659	**94**	30

1) Derivative instruments are included in the balance sheet item, Prepaid expenses and accrued income, in the amount of SEK 247 (422) million and for the parent company with SEK 91 (23) million.

27 Financial risk management cont.

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

	Group		Parent Company	
SEK millions	**2012**	2011	**2012**	2011
SEK	1,102	1,558	16	11
USD	1,822	2,156	42	23
EUR	531	651	–	14
Other currencies	463	182	–	–
Total	**3,918**	4,547	**58**	48
of which:				
Accounts payable	3,470	4,296	11	9
Other current liabilities	141	168	5	2
Derivative instruments[1)]	307	83	42	37
Total	**3,918**	4,547	**58**	48

[1)] Derivative instruments are included in the balance sheet item, Accrued expenses and deferred income, in the amount of SEK 307 (83) million and for the parent company with SEK 42 (37) million.

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

	Group		Parent Company	
SEK millions	**2012**	2011	**2012**	2011
SEK	11,869	9,265	11,846	9,241
USD	7,128	10,972	5,515	9,292
EUR	361	458	–	–
Other currencies	24	33	–	–
Total	**19,382**	20,547	**17,361**	18,533

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

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

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

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

At year-end, the accumulated fair value change in the hedge reserve on the part that was defined as loans and derivatives amounted to SEK –1,983 (–2,592) million. During the year, an inefficiency of SEK 0 (0) million was identified and has been reported in its entirety in the result.

Credit risk

The limits for individual counterparties are evaluated continuously and during 2012 these have remained unchanged at SEK 1,500 (1,500) million. The total counterparty risk in derivative instruments at year-end was SEK 2,761 (2,000) million, of which derivative instruments accounted for SEK –42 (352) million and investments in cash equivalents accounted for SEK 2,803 (1,648) million.

In addition to the above, there are credit risks associated with accounts receivable and other receivables, which are managed in each subsidiary. Prior to write down in respect of bad debts, these receivables had a gross value of SEK 4,820 (6,316) million. The risk is allocated over a large number of customers. In addition, individual credit rating tests are conducted and limits imposed for each customer.

27 Financial risk management cont.

Age analysis regarding Accounts receivable and Other receivables	Group		Parent Company	
SEK millions	**2012**	2011	**2012**	2011
Not due	3,668	4,845	3	31
0–30 days	817	954	–	–
31–120 days	187	381	–	–
121–365 days	66	56	–	–
> 365 days	82	80	–	–
Total	**4,820**	6,316	**3**	31

Bad debts, change	Group		Parent Company	
SEK millions	**2012**	2011	**2012**	2011
Opening balance	–93	–95	–	–
Anticipated bad debt losses	–44	–40	–	–
Realized bad debt losses	37	33	–	–
Reversed non-utilized amount	1	13	–	–
Translation differences	2	–4	–	–
Closing balance	**–97**	–93	**–**	–

No other financial assets have been written-down.

Valuation of financial instruments

CURRENCY DERIVATIVES AND INTEREST RATE SWAPS

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

Currency hedging takes place also with respect to purchases of coal and iron ore, as well as for major investments in foreign currency. Only currency derivatives are used to hedge such currency risks and all currency derivatives are valued at fair value on the balance sheet. For the currency hedging which meets the requirements for hedge accounting pursuant to IAS 39 and comprises fair value hedging, changes in value of the currency derivative do not impact earnings but, rather, are set off in the income statement against corresponding changes in value of the hedged order. In connection with the delivery of such hedged purchases, the hedged part of the acquired asset is booked at the hedged rate, and thus no separately booked exchange rate difference arises on the purchase. At year-end, purchase orders for which currency futures had been contracted had a total value of SEK 2.1 (3.0) billion. At year-end, derivative instruments for "fair value hedging" had a booked fair value of SEK –113 (+170) million, while purchases reported in hedge accounting were booked at SEK 113 (–170) million, entailing that there was no inefficiency at the end of the accounting year.

Currency hedging also takes place on sales in EUR. For currency hedging which meets the requirements for hedge accounting, changes in value of a currency derivative do not impact on earnings but, rather, are reported in the statement of comprehensive income as a hedge reserve. In connection with sales, accumulated amounts are reversed from the hedge reserve in equity to the income statement in the periods in which the hedged item affects earnings. At year-end, the total value of forecast sales in respect of which currency futures had been contracted was SEK 3.8 (5.9) billion. Derivative instruments which relate to forecast sales and which meet the requirements for hedge accounting amounted to net SEK 84 (101) million, where of SEK 84 (91) million of the value has been booked against the hedge reserve in the statement of comprehensive income. There was no inefficiency at the end of the accounting year.

Cash flow hedging also takes place with respect to certain bond loans carrying floating interest where a variable to fixed interest rate swap is used. For interest rate derivatives which meet the requirements for hedge accounting pursuant to IAS 39, changes in value of the interest rate derivative do not impact earnings but, rather, are recorded in the statement of other comprehensive income. At year-end, interest rate derivatives had a booked fair value of SEK –42 (–14) million, of which SEK –42 (–14) million have been recorded in other comprehensive income. There was no inefficiency at the end of the accounting year.

27 Financial risk management cont.

Derivative instruments which are not reported in hedge accounting are valued at fair value over the income statement. At year-end, net non-realized derivative instruments amounted to SEK –61 (102) million, of which SEK –59 (0) million was reported in "Other operating income" and SEK –2 (102) million in "Financial items". The net result from realized derivatives amounted during the year to SEK 17 (–113) million, which was reported in its entirety in "Financial items". The Group's total outstanding derivatives at year-end had an average remaining term of 5 (11) months.

Valuation of financial assets and liabilities

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

Group	Reported value		Fair value	
SEK millions	2012	2011	2012	2011
Financial assets				
3. Financial, fixed assets	1,035	106	1,035	106
1. Currency derivatives not subject to hedge accounting[1)]	53	109	53	109
6. Currency derivatives for "fair value hedging" of flows[1)]	37	208	37	208
6. Currency derivatives for hedging of net investment[1)]	73	–	73	–
6. Currency derivatives for cash-flow hedging of sales[1)]	84	105	84	105
3. Accounts receivable	4,383	5,734	4,383	5,734
3. Other current interest-bearing receivables	24	458	24	458
3. Cash and cash equivalents	3,004	1,648	3,004	1,648
Financial liabilities				
5. Long-term interest-bearing liabilities	18,267	16,940	18,781	17,286
5. Current interest-bearing liabilities	1,115	3,607	1,115	3,607
1. Currency derivatives not subject to hedge accounting[1)]	114	7	114	7
6. Currency derivatives for "fair value hedging" of flows[1)]	150	38	150	38
6. Currency derivatives for cash flow hedging of sales[1)]	–	1	–	1
6. Currency derivatives for hedging of net investment[1)]	–	23	–	23
6. Currency derivatives for cash-flow hedging of interest rates[1)]	42	14	42	14
5. Accounts payable	3,470	4,296	3,470	4,296

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

Balance sheet item classification:

1. Holding valued at fair value in the income statement.
2. Holding to maturity.
3. Loan claims and accounts receivable.
4. Assets available for sale.
5. Financial liabilities valued at amortized cost.
6. Derivatives for hedging.

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

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

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

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

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

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

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

Management of capital

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

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

During the year, the net debt/equity ratio decreased somewhat. The net debt/equity ratio at year-end was 54 (60) percent.

28 Critical estimations and assessments

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

Important sources of uncertainty in estimations

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

Not until the estimated discount rate before tax which was applied to the discounted cash flows would be 1.5 percentage points higher than the assessment made in the calculation or not until the long term forecasted gross margin would be 4.0 percentage points lower than the assessment made in the calculation, should any need to start writing down goodwill arise.

ALABAMA TAX CREDIT
SSAB's subsidiary in Alabama, USA has carried out a number of investments which are covered by a program for investment grant. The program provides an entitlement to tax deductions on the calculated state tax for each year, in respect of the profit which can be allocated to each specific investment. The program extends over 20 years and, in order to obtain the grant in any specific year, state tax must be payable and certain criteria must be fulfilled as regards number of employees and paid minimum wages. A calculation of the future state tax has been made based on results in previous years, budget, and assumptions regarding future profitability. The assessment led to a recording of a deferred tax asset of just over 78 MUSD, of which 70 MUSD remains at the end of the year. However, since it is unclear to what extent the company will satisfy the criteria for receiving this grant, a reservation in respect of the estimated future investment grant has been made in the balance sheet as long-term deferred income of the same amount. Dissolution of this reserve will take place in pace with the company's assessment of the likelihood that it will obtain the grant. In the event the company fails to satisfy the criteria as regards workforce size and minimum wages, no grant will be received at all.

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

ACCOUNTS RECEIVABLE
Provision for bad debts is based on assessments of the customers' payment ability and are by nature difficult to estimate. The item has been the subject of special assessment and, compared with the preceding year, the provision for bad debts was increased by SEK 4 million to SEK 97 (93) million, thereby representing 2.2 (1.6) percent of outstanding accounts receivable.

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

29 Definitions

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

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

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

Earnings per share
Profit for the year attributable to the parent company's shareholders divided by the average number of shares.

EBITDA margin
Result before depreciation and amortization as a percentage of total sales.

Equity
Total equity according to the consolidated balance sheet.

Equity per share
Equity, excluding minority interests, divided by number of shares at year-end.

Equity ratio
Equity as a percentage of total assets.

Maintenance investments
Investments involving maintenance, rationalization, replacements or which relate to the environment and are made in order to maintain competitiveness.

Net debt
Interest-bearing liabilities less interest-bearing assets.

Net debt/equity ratio
Net debt as a percentage of equity.

Operating cash flow
Funds generated from operations including change in working capital as well as cash flow for regular maintenance investments, but before financial items and paid tax.

Operating margin
Operating result as a percentage of total sales.

P/E ratio
Share price at year-end divided by earnings per share.

Return on equity after tax
Profit for the year after tax as a percentage of average equity per month during the year.

Return on capital employed before tax
Operating profit increased by financial revenue as a percentage of average capital employed per month during the year.

Sales
Sales less deduction for value added tax, discounts, returns, and freight.

Strategic investments
Investments that increase the cash flow through acquisitions of businesses, investments in plant expansion or new competitiveness-enhancing technology.

Yield
Dividend as a percentage of the share price at year-end.

30 Considerations relating to proposed allocation of profit

At the 2013 Annual General Meeting, the shareholders shall, among other things, vote on the dividend proposed by the Board of Directors.

At the end of the year, the net debt was SEK 15,498 (18,475) million, entailing a net debt/equity ratio of 54 (60) percent. The Group's long-term target over a business cycle is 30 percent. The average term to maturity on the loan portfolio at the end of the year was 4.8 (5.1) years, and no major loans will mature during the coming year. The Group's retained earnings amounted to SEK 19,102 (19,742) million and the parent company's unrestricted funds to SEK 27,303 (26,853) million. Equity included unrealized profits resulting from financial instruments being reported at market value in the amount of SEK 48 (0) million. Since the end of the year, nothing material has occurred which has had a negative impact on the Group's financial position.

According to SSAB's dividend policy, dividends over a business cycle shall comprise approximately 50 percent of profit after tax. In the five preceding years, SSAB has had an average dividend of 36 percent. In proposing the dividend, the Board of Directors has weighed the fact that earnings of the Group for 2012 amounted to SEK 15 million against the dividend policy, the dividend paid during recent years and the fact that the Company's total available profits amount to SEK 27,303 million. Against this background, the Board has decided to propose to the Annual General Meeting that the dividend to be decreased to SEK 1.00 (2.00) per share, equal to SEK 324 (648) million. The dividend will thereupon increase the net debt/equity ratio of the Group by just under two percentage points.

The Board believes that the proposed distribution of profit to the shareholder is defensible with respect to both the Company and the Group, taking into consideration the demands placed by the nature, scope and risks associated with the operations regarding the size of equity and also taking into account the need to consolidate the balance sheet, financing, liquidity and financial position in general.

Proposed allocation of profit

The amount at the disposal of the Annual General Meeting of SSAB AB (publ), reg.no. 556016-3429 is as follows

Retained earnings	26,632
Profit for the year	671
SEK millions	**27,303**

Of this, a share premium reserve comprises SEK 9,391 million and a fair value reserve comprises SEK 2,317 million.

The Board of Directors and President recommend that the profit be allocated as follows:

Dividend to the shareholders SEK 1.00 per share	324
Carried forward to next year	26,979
SEK millions	**27,303**

According to the consolidated balance sheet, the Group's retained earnings amounted to SEK 19,102 (19,742) million.

The Board of Directors and the President hereby affirm that the consolidated financial statements have been prepared in accordance with international accounting standards, IFRS, as adopted by the EU and provide a true and fair view of the Group's financial position and earnings. The Annual Report has been prepared in accordance with generally accepted accounting principles and provides a fair and true view of the parent company's financial position and earnings. The report of the directors for the Group and the parent company provides a true and fair overview of the development of the operations, financial position and earnings of the Group and parent company and describes material risks and uncertainty factors facing the parent company and the companies included in the Group.

Stockholm, February 7, 2013

Sverker Martin-Löf Chairman	**Anders G Carlberg** Director	**Peter Holmer** Director
Bert Johansson Director	**Jan Johansson** Director	**Annika Lundius** Director
Anders Nyrén Director	**Ola Parten** Director	**Matti Sundberg** Director
John Tulloch Director	**Lars Westerberg** Director	**Martin Lindqvist** President and CEO

Our auditor's report was submitted on February 18, 2013
PricewaterhouseCoopers AB

Magnus Svensson Henryson
Authorized public accountant

Auditor's report

To the annual meeting of the shareholders of SSAB AB, corporate identity number 556016-3429

Report on the annual accounts and consolidated accounts

We have audited the annual accounts and consolidated accounts of SSAB AB for the year 2012. The annual accounts and consolidated accounts of the company are included in the printed version of this document on pages 11–109.

RESPONSIBILITIES OF THE BOARD OF DIRECTORS AND THE MANAGING DIRECTOR FOR THE ANNUAL ACCOUNTS AND CONSOLIDATED ACCOUNTS

The Board of Directors and the Managing Director are responsible for the preparation and fair presentation of these annual accounts and consolidated accounts in accordance with International Financial Reporting Standards , as adopted by the EU, and the Annual Accounts Act, and for such internal control as the Board of Directors and the Managing Director determine is necessary to enable the preparation of annual accounts and consolidated accounts that are free from material misstatement, whether due to fraud or error.

AUDITOR'S RESPONSIBILITY

Our responsibility is to express an opinion on these annual accounts and consolidated accounts based on our audit. We conducted our audit in accordance with International Standards on Auditing and generally accepted auditing standards in Sweden. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the annual accounts and consolidated accounts are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the annual accounts and consolidated accounts. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the annual accounts and consolidated accounts, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the company's preparation and fair presentation of the annual accounts and consolidated accounts in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Board of Directors and the Managing Director, as well as evaluating the overall presentation of the annual accounts and consolidated accounts.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

OPINIONS

In our opinion, the annual accounts have been prepared in accordance with the Annual Accounts Act and present fairly, in all material respects, the financial position of the parent company as of 31 December 2012 and of its financial performance and its cash flows for the year then ended in accordance with the Annual Accounts Act. The consolidated accounts have been prepared in accordance with the Annual Accounts Act and present fairly, in all material respects, the financial position of the group as of 31 December 2012 and of their financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards, as adopted by the EU, and the Annual Accounts Act. A corporate governance statement has been prepared. The statutory administration report and the corporate governance statement are consistent with the other parts of the annual accounts and consolidated accounts.

We therefore recommend that the annual meeting of shareholders adopt the income statement and balance sheet for the parent company and the group.

Report on other legal and regulatory requirements

In addition to our audit of the annual accounts and consolidated accounts, we have also audited the proposed appropriations of the company's profit or loss and the administration of the Board of Directors and the Managing Director of SSAB AB for the year 2012.

RESPONSIBILITIES OF THE BOARD OF DIRECTORS AND THE MANAGING DIRECTOR

The Board of Directors is responsible for the proposal for appropriations of the company's profit or loss, and the Board of Directors and the Managing Director are responsible for administration under the Companies Act.

AUDITOR'S RESPONSIBILITY

Our responsibility is to express an opinion with reasonable assurance on the proposed appropriations of the company's profit or loss and on the administration based on our audit. We conducted the audit in accordance with generally accepted auditing standards in Sweden.

As a basis for our opinion on the Board of Directors' proposed appropriations of the company's profit or loss, we examined the Board of Directors' reasoned statement and a selection of supporting evidence in order to be able to assess whether the proposal is in accordance with the Companies Act.

As a basis for our opinion concerning discharge from liability, in addition to our audit of the annual accounts and consolidated accounts, we examined significant decisions, actions taken and circumstances of the company in order to determine whether any member of the Board of Directors or the Managing Director is liable to the company. We also examined whether any member of the Board of Directors or the Managing Director has, in any other way, acted in contravention of the Companies Act, the Annual Accounts Act or the Articles of Association.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinions.

OPINIONS

We recommend to the annual meeting of shareholders that the profit be appropriated in accordance with the proposal in the statutory administration report and that the members of the Board of Directors and the Managing Director be discharged from liability for the financial year.

Stockholm, February 18, 2013
PricewaterhouseCoopers AB

Magnus Svensson Henryson
Authorized Public Accountant

Share data and glossary

The section contains facts concerning the SSAB share and its performance on the stock exchange in 2012, as well as information concerning the 2013 Annual General Meeting and calendar. There is also a steel glossary.

SSAB on the Stock Exchange

SSAB's shares are listed on the Nasdaq OMX Stockholm, Large cap list. OMX Nordic Exchange issues call and put options on the shares.

The final transaction prices in 2012 were SEK 56.55 for SSAB's class A share and SEK 48.21 for SSAB's class B share, corresponding to a total market capitalization of SEK 17.6 billion. During the year, the price of SSAB's class A share fell by 7 percent and the class B share by 7 percent. During the same period, Nasdaq OMX Stockholm increased by 12 percent. The highest transaction price during the year was listed on February 9 and was SEK 76.60 for the class A share and SEK 66.60 for the class B share. The lowest transaction price, SEK 45.10 and SEK 39.13 respectively, were listed on October 11. During the year, SSAB's shares were traded for almost SEK 54 billion. Trading in shares took place on all exchange days and averaged approximately SEK 215 million per day. The volume of traded A shares corresponded to 340 percent of the average number of outstanding shares. The volume of traded B shares corresponded to 126 percent of the average number of outstanding shares. SSAB's shares accounted for 1.95 percent of trading on the Nasdaq OMX Stockholm Exchange.

The SSAB-share is also traded on market places such as BOAT, Burgundy, Chi-X and Turquoise. Of the total volume of traded shares, 59 percent of the class A shares were traded on Nasdaq OMX Stockholm and 77 percent of the class B shares.

Dividends

Dividends shall be adjusted to the average profit level over a business cycle and, in the long term, constitute approximately 50 percent of profit after tax. It should also be possible to use dividends to adjust the capital structure. For the 2012 financial year, a dividend to the shareholders is proposed of SEK 1.00 per share. For the 2011 financial year, the dividend amounted to SEK 2.00 per share.

Share capital

At the end of the year there were 323,934,775 shares, divided into 240,765,832 class A shares and 83,168,943 class B shares, which was unchanged since December 31, 2011. Each class A share carries one vote and each class B share carries one-tenth of one vote. The quotient value per share is SEK 8.80. At the end of 2012, SSAB's three largest owners were Industrivärden, Swedbank Robur Funds and LKAB. It should be noted that the holdings of foreign owners in SSAB are nominee-registered. At the end of 2012, SSAB had 65,962 shareholders, an decrease of approximately 4,200 during the year. The ten largest identified owners together owned approximately 40 percent of the share capital and 47 percent of the voting capital. Foreign-registered ownership in SSAB increased during the year and, at the end of December, represented approximately 27 percent of the share capital.

Investor relations

During 2012, a large number of meetings were held with representatives of financial institutions. Meetings were held, for example, in Stockholm, London, New York, Boston, Paris, Frankfurt, Zurich and Geneva. In September, a day focusing on CSR investors was arranged in Borlänge. SSAB's work on sustainability issues was presented during the course of the day. The day concluded with a tour of the steelworks. In October, a capital markets day was held in Stockholm and a tour of the steelworks in Borlänge was arranged in connection with it. Presentations and investor meetings are regularly arranged in connection with the publication of interim reports and annual results.

Ticker

NASDAQ OMX Stockholm AB: class A	SSAB A (SSE300)
NASDAQ OMX Stockholm AB: class B	SSAB B (SSE301)

Share breakdown

Shareholding	Number	% of all shareholders
1–500	34,683	52.6
501–1,000	11,729	17.7
1,001–5,000	17,190	26.0
5,001–10,000	1,285	2.0
10,001–15,000	307	0.5
15,001–20,000	173	0.3
20,001–	595	0.9
Total	**65,962**	**100.0**

Owners as of December 31, 2012

	% of share capital	% of votes
Industrivärden	17.6	22.6
Swedbank Robur Funds	6.0	5.7
LKAB	3.8	5.0
Nordea Investment Funds	2.5	3.0
Handelsbanken Fonder	2.5	2.7
AMF - Försäkring och Fonder	1.6	1.8
Alecta pensionsförsäkring	2.2	1.7
Skandia fonder	1.3	1.6
2 AP-fonden	1.1	1.4
SEB Investment Management	1.2	1.2
Danske Capital Sverige	0.8	1.0
Foreign- registered shareholders	26.6	27.1
Other shareholders	32.8	25.2
Total	**100.0**	**100.0**

Source: Euroclear

The number of shares and the share capital have changed since 1989 as follows:

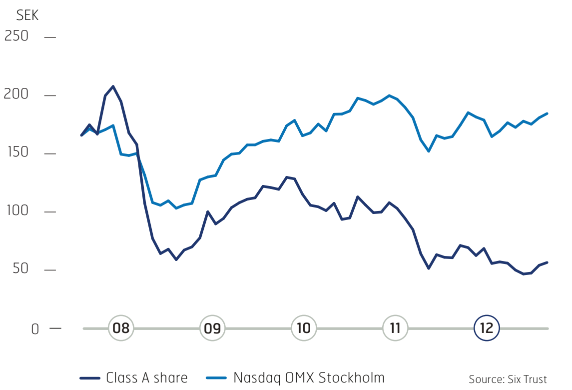
Year		Change in number of shares	Number of shares	Change in share capital, SEK millions	Share capital, SEK millions
1989	Conversion	1,500,000	26,500,000	150	2,650
1994	Conversion	5,500,000	32,000,000	550	3,200
1995	4:1 split	96,000,000	128,000,000	0	3,200
1998	Redemption	–15,891,199	112,108,801	–397	2,803
2001	Reduction	–11,210,880	100,897,921	–281	2,522
2005	Redemption	–9,968,861	90,929,060	–249	2,273
2006	Redemption	–4,546,453	86,382,607	–114	2,159
2006	Bonus issue	0	86,382,607	121	2,280
2006	3:1 split	172,765,214	259,147,821	0	2,280
2007	1:4 new issue	64,786,954	323,934,775	571	2,851

Data per share

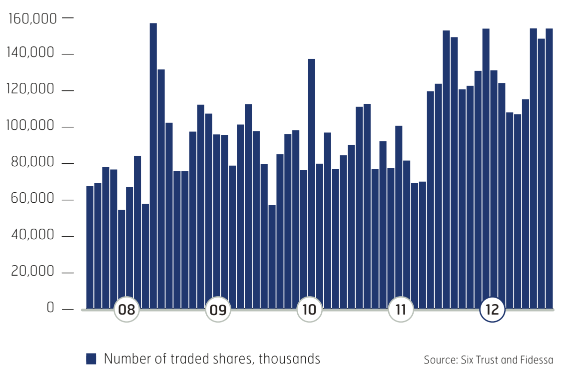
	2012	2011	2010	2009	2008
Share price, December 31, class A share, SEK	56.55	60.65	113.00	122.10	68.00
Profit, SEK	0.05	4.82	1.72	–3.09	21.41
Cash flow before dividend and financing, SEK	10.10	2.14	–7.59	7.64	91.20
Equity, SEK	88.81	94.98	92.26	95.21	108.64
Dividend, SEK	1.00 [1]	2.00	2.00	1.00	4.00
Average number of shares, million	323.9	323.9	323.9	323.9	323.9
Number of shares at year-end, million	323.9	323.9	323.9	323.9	323.9
Market capitalization, SEK million, December 31	17,624	18,993	35,452	38,671	21,653
Valuation					
Direct yield, % [2]	1.8 [1]	3.3	1.8	0.8	5.9
P/E ratio	n.m	65.7	neg	3.2	11.5
Price/equity, % [2]	64	122	128	63	197

[1] In accordance with the Board's proposal.
[2] Based on last paid price for the A share

The share's performance



Number of traded shares, all market places



Annual General Meeting, Nomination Committee, Calendar

Annual General Meeting

The Annual General Meeting will be held in Stockholm at 1:00 pm on Friday, April 12, 2013. To be entitled to participate at the Annual General Meeting, shareholders must be included in the share register that is printed out by Euroclear Sweden AB on Saturday, April 6, 2013 and must have registered their intention to participate at the meeting not later than Monday, April 8, 2013, preferably prior to 12 noon.

NOMINEE-REGISTERED SHARES

Shareholders whose shares are registered in the name of a nominee must register their shares in their own names in order to be entitled to participate at the annual general meeting. Temporary owner-registration (voting registration) should be effected in due time prior to Saturday April 6, 2013.

REGISTRATION

Registration in respect of participation at the annual general meeting takes place via the company's website, www.ssab.com or by telephone +46 8 45 45 760. The name, personal identification number (company registration number), address and telephone number of the shareholder must be provided in the notice of registration. Notices must be received by SSAB not later than on Monday, April 8, 2013, preferably prior to 12 noon, at which time the registration period will expire.

PROXIES

Powers of attorney in original and, as regards legal entities, certificates of registration, should be submitted in due time prior to the Annual General Meeting to:
SSAB AB, Årsstämman, Box 70, 101 21 Stockholm, Sweden.

Dividends

Wednesday, April 17, 2013 is proposed as the record date for the right to receive dividends. It is thereupon estimated that payment of dividends will be effected through Euroclear Sweden AB on Monday, April 22, 2013. The Board of Directors and the President propose that the Annual General Meeting resolve upon the payment of a dividend for 2012 in the amount of SEK 1.00 per share.

Nomination committee

- Anders Nyberg, Industrivärden, Chairman
- Åsa Nisell, Swedbank Robur Funds
- Lars-Eric Aaro, LKAB
- Kaj Thorén, Alecta pensionsförsäkring
- Sverker Martin-Löf, Chairman of the Board

The Nomination Committee presents, among other things, proposals to the Annual General Meeting concerning the election of the Board of Directors, fees for the Board of directors, and election of auditors.

Calendar for financial information

SSAB will provide the following information with respect to the 2013 financial year:

- Report for the first quarter, April 25, 2013
- Half-year report, July 19, 2013
- Report for the third quarter, October 25, 2013
- Results for 2013, February 7, 2014
- Annual report, March 2014

Steel Talk ABC – a glossary

A **Advanced high strength steels** – Multi-phase steels which contain martensite, bainite and/or retained austenite to achieve an improved balance of strength and formability as compared to conventional high strength steels

After-treatment – Heat treatment, cooling, etc., in order to endow the steel with certain qualities; also galvanizing, organic coating, and cutting to size

Alloy – A substance composed of two or more metals

Alloy Steel – An iron-based mixture is considered to be an alloy steel when manganese is greater than 1.65%, silicon over 0.5%, copper above 0.6%, or other minimum quantities of alloying elements such as chromium, nickel, molybdenum, or tungsten are present. An enormous variety of distinct properties can be created for the steel by substituting these elements in the recipe

Alloying material – Material that is added to the molten metal during the steelmaking process and which combines with iron or other metals and changes the metal's qualities

Annealing – A thermal cycle involving heating to, and holding at a suitable temperature and then cooling at a suitable rate, for such purposes as reducing hardness, improving machinability, facilitating cold working, producing a desired microstructure, or obtaining desired mechanical or other properties

Application – Area of use; a product which uses a certain grade of steel

Applications engineer – Trained specialists in the qualities of the material and its areas of use; problem solvers and developers

B **Blast Furnace** – Continuously operating shaft furnace for the reduction of iron ore. The end product in the blast furnace is called pig iron or hot metal

Blast air – Heated air which is blown into the blast furnace under high pressure

C **Carbon dioxide** – CO_2, colorless gas, soluble in water to form carbonic acid; included in carbonated drinks and comprises 0.03% of the atmosphere and is identified as a greenhouse gas

Carbon monoxide – Colorless and odorless energy-rich gas which burns with a blue flame; noxious. Upon combustion, carbon dioxide is formed

Carbon steel – Unalloyed steel

Charging – The act of loading material into a vessel. For example, iron ore, coke, and limestone are charged into a blast furnace; a basic oxygen furnace is charged with scrap and hot metal, and an electric arc furnace is charged with steel scrap and fluxes

Coilbox – Rolling machinery; box for coiled steel employed to promote temperature uniformity during the hot rolling process

Coiler – Mechanical part which captures plate, sheet or strip from the rolling mill and coils it

Coke – Dry distilled coal, the basic fuel consumed in blast furnaces in the smelting of iron ore

Cold rolling – Metalworking process in which the thickness of a sheet, strip or plate is reduced by rolling at ambient temperature

Continuous casting – A process by which molten metal is solidified into a semi-finished billet, bloom, or slab for subsequent rolling

Construction steel – See structural steel

Corrosion protection – The minimization of corrosion by coating with a protective metal

Cowper stoves – Heating apparatus; ceramic towers used for pre-heating blast air

Crude steel – Steel in its solidified state directly after casting. This is then further processed by rolling or other treatments, which can change its properties

Cutting station – Place for cutting the steel strand into slabs

D **Decarburization** – In oxygen-blown steelmaking processes, the reduction of the hot metal's carbon content during refining by the use of gaseous oxygen

Desulphurization – Method for removing sulphur from the hot metal; for example, through the addition of calcium carbide or magnesium oxide

Dry distillation process – Combustion without entry of oxygen

Dual-phase steel (DP) – High-strength steel that has a one soft (ferrite) and one hard (martensite) microstructure which allows for desired combination of good formability with high strength

E **Electric arc furnace (EAF)** – Steel-making furnace where scrap is generally 100% of the charge. Heat is supplied from electricity that arcs from the graphite electrodes to the metal bath

F **Fatigue** – The progressive and localized structural damage that occurs when a material is subjected to cyclic loading at stresses considerably below the ultimate tensile strength

Formatting – Marking, wrapping or cutting the steel into desired dimensions

Four-high rolling mill – Mechanical equipment; comprises four cylindrical rollers with extremely high pressure which press slabs into plate by repeatedly rolling backwards and forwards

G **Galvanization** – The process of applying a protective zinc coating to steel or iron, in order to prevent rusting or corrosion

H **Hardening** – Process that increases the hardness of steel, i.e. the degree to which steel will resist cutting, abrasion, penetration, bending, and stretching

Hearth – Lower part of the blast furnace; area for collection of molten hot metal

Heat treatment – Heating and cooling a steel product in such a manner as to obtain desired conditions or properties

Hematite – Fe_2O_3, non-magnetic iron ore or blood ore

High strength steels – Strong steel with high resistance to tensile stress before fatigue and breaking may occur

Hot dip galvanization – Method for adding a rust protection surface layer. For example, adding zinc and aluminum in hot molten form on the steel. The opposite to zinc-plating, an electrochemical method of applying a coat of molten zinc to the surface of steel for the purpose of enhancing corrosion resistance

Hot metal – The name for the molten iron produced in a blast furnace. It proceeds to the basic oxygen furnace in molten form or is cast as pig iron

Hot strip rolling mill –A mill for rolling heated slabs through a series of rolling stands to produce sheet steel in coil form

Hot rolling – A metalworking process in which slabs are heated to high temperatures and then deformed between rollers to form thinner cross-sections

I **Injection coal** – Coal powder which is injected into the blast furnace under high pressure without being converted to coke

Iron ore pellets – Iron ore particles rolled into small balls and compacted by heating

L **Ladle** – A "bucket" lined with refractory (heat resistant) bricks, used to transport molten steel from process to process in a steel plant

Ladle change – Switch from an empty to a full container of steel

Ladle Metallurgy Furnace (LMF) – An intermediate steel processing unit that further refines the chemistry and temperature of molten steel while it is still in the ladle. The ladle metallurgy step comes after the steel is melted and refined in the electric arc or basic oxygen furnace, but before the steel is sent to the continuous caster

Ladle treatment method – Different methods for ladle metallurgy

LD converter – Oxygen steelmaking process employing a converter (vessel) and top blowing oxygen lance to refine the blast furnace hot metal into crude steel

Low alloyed steel grades – A steel, other than a carbon steel, that requires the minimum content for each specified alloying element to be lower than the applicable limit for the definition for alloy steel

M **Magnetite** – Fe_3O_4, magnetic iron ore

Martensitic steel – Steel with a very hard form of steel crystalline structure called martensite that is formed by displacive transformation. The martensite is formed by rapid cooling (quenching) of austenite which traps carbon atoms that do not have time to diffuse out of the crystal structure

Material design – Control of the steel chemical composition and processing to achieve a microstructure that offers a combination of properties desirable for an intended product or application

Metallurgy – The science and technology of metals

Microalloying – In the case of advanced fine grain steels with particularly stringent yield strength and tensile strength requirements, small quantities of annoying agents such as niobium, vanadium, or titanium are added

Mold – Casting mold

N **Niche products** – In SSAB's case advanced High strength steels and quenched steels

O **Ore car** – Railcar for transportation of lump ore, iron ore concentrate or pellets

Oxide scale – An oxide of iron which forms on the surface of hot rolled steel

Oxygen lance – Pipe-shaped lance for treatment using oxygen

P **Pair of rollers** – A pair of cylindrical rollers for rolling steel to thinner dimensions under high pressure

Particulates filter – Purification plant for gas or air in which particulates are separated and condensed for recycling

Phases – Steel has different crystal structures at various temperatures and the phase(s) present depend on heat treatment, alloy quantity, hardening, quenching, etc. Best known are the martensite (quick hardening) phase, ferrite phase (pure iron) austenite (non-magnetic) phase and bainite phase

Pickling line – A processing line which chemically removes oxide or scale from the steel surface to obtain a clean surface for subsequent processing

Plate – Flat rolled steel product which is typically classified as over 1,200 mm (48") in width and 4.5 mm (0.180") in thickness

Process gas – Gas from metallurgical processes; often energy rich

Process methods – Methods for extracting raw materials and manufacturing products in a continuous cycle without disruption

Process water – Water from cooling or treatment in the processes. Always undergoes purification and can often be re-circulated

Profiled – Profiled (or corrugated) steel which is pressed in order to corrugate the steel

Protection steel – Structural steel with ballistic qualities

Q **Quenched steels** – Hardened or toughened steel. SSAB's quenched steels are also high strength

R **Recycling** – Return of used products or byproducts to enter a new cycle of production and use

Reduction agents – Carbon or hydrogen used to remove oxygen from iron ore to produce iron

Rolling mill – Any of the mills in which metal undergoes a rolling process. For plate, sheet and strip, these include the slabbing mill, hot rolling mills, cold rolling mills, and temper mills.. Any operating unit that reduces gauge by application of loads through revolving cylindrical rolls; operation can be hot or cold. The elevated temperature rolling mill is the Hot Mill and is capable of reducing the gauge of a slab 92–99%

Roll pass – Number of times a billet or slab passes through a pair of rollers

Rougher – Two rough cylindrical rollers which press the steel to thinner dimensions prior to hot rolling

Runner – Ceramic-lined spout for controlling molten, hot metal

S **Scrap** – Ferrous (iron-containing) material that generally is remelted and re-cast into new steel

SEN – Submerged entry nozzle, a ceramic pipe which protects the steel from exposure to air, in conjunction with casting

Sheet pile – Long structural sections with a vertical interlocking system that creates a continuous wall. The walls are most often used to retain either soil or water

Shot blasting – Cleaning and descaling metal by means of a stream of abrasive powder or shot. The shot can be sand, small steel balls of various diameters, granules of silicon carbide, etc

Sintering – A process that combines iron-bearing particles, once recovered from environmental control filters, into small pellets.

Skirt – Pipe around the blast furnace for the supply and allocation of hot blast air, also known as a bustle pipe

Slab furnace – Furnace for heating steel slabs to rolling temperatures

Slabs – The most common type of semi-finished steel, used for production of flat steel products

Slag – Solution of mainly liquid oxides. Flux such as limestone may be added to foster the congregation of undesired elements into a slag. Because slag is lighter than iron, it will float on top of the pool, where it can be skimmed

Slitting – A metalworking process involving shearing which is typically employed to cut a wider steel coil into one or more narrower coils

Smelting reduction process – Process for smelting and removing unwanted substances from, for example, metal raw materials

Special steel – Alloyed steel

Standard steels – Steels with lower strength (yield strength 235–275 N/mm^2). Used within more conventional applications within the engineering industry and building sector

Steckel mill – A four-high reversing rolling mill, the Steckel mill allows the rolling of a large slab by providing heated coil furnaces or boxes on both sides of the mill to store the increased length produced during rolling

Steel – Alloy of iron and carbon with a carbon content of less than 1.7%

Steel bath – The hot, molten steel in a container

Steel shuttle – Train system for transportation of steel slabs between Luleå, Borlänge and Oxelösund production facilities

Strand – The continuous cast slab within the continuous casting machine prior to cutting into individual slabs

Strength – Properties related to the ability of steel to oppose applied forces. Forms of strength include withstanding imposed loads without a permanent change in shape or structure and resistance to stretching

Structure – The steel's molecular form following different treatment methods; crystalline structure. May also refer to the size, shape, and arrangement of phases within the steel

Structural steel – Steel intended for, e.g. load-bearing structures, e.g. crane girders. Important qualities include strength, weldability, bendability and toughness

Strip – Thin, flat steel that resembles hot-rolled sheet, but it is normally narrower (up to 300 mm, or 12" wide) and produced to more closely controlled thicknesses

Surface treatment – Cleaning, polishing or coating of surfaces; for example, through galvanization or organic coating

T **Temper Mill** – A type of cold-rolling mill, usually a four-high, single stand mill, used to provide a relatively light cold rolling reduction to hot rolled, cold rolled, or coated flat steel products to improve flatness, minimize surface disturbances such as coil breaks, and to alter mechanical properties

Tempering – Heating to 200–500°C degrees in order to make steel tougher and less brittle

Tensile strength – Ability to withstand tensile stress. (See Strength)

Thermo-mechanical treatment – Heat treatment/quenching of the steel in order to achieve special material qualities

Torpedo – Cylinder-shaped brick-lined railway car used for transporting hot, molten metal

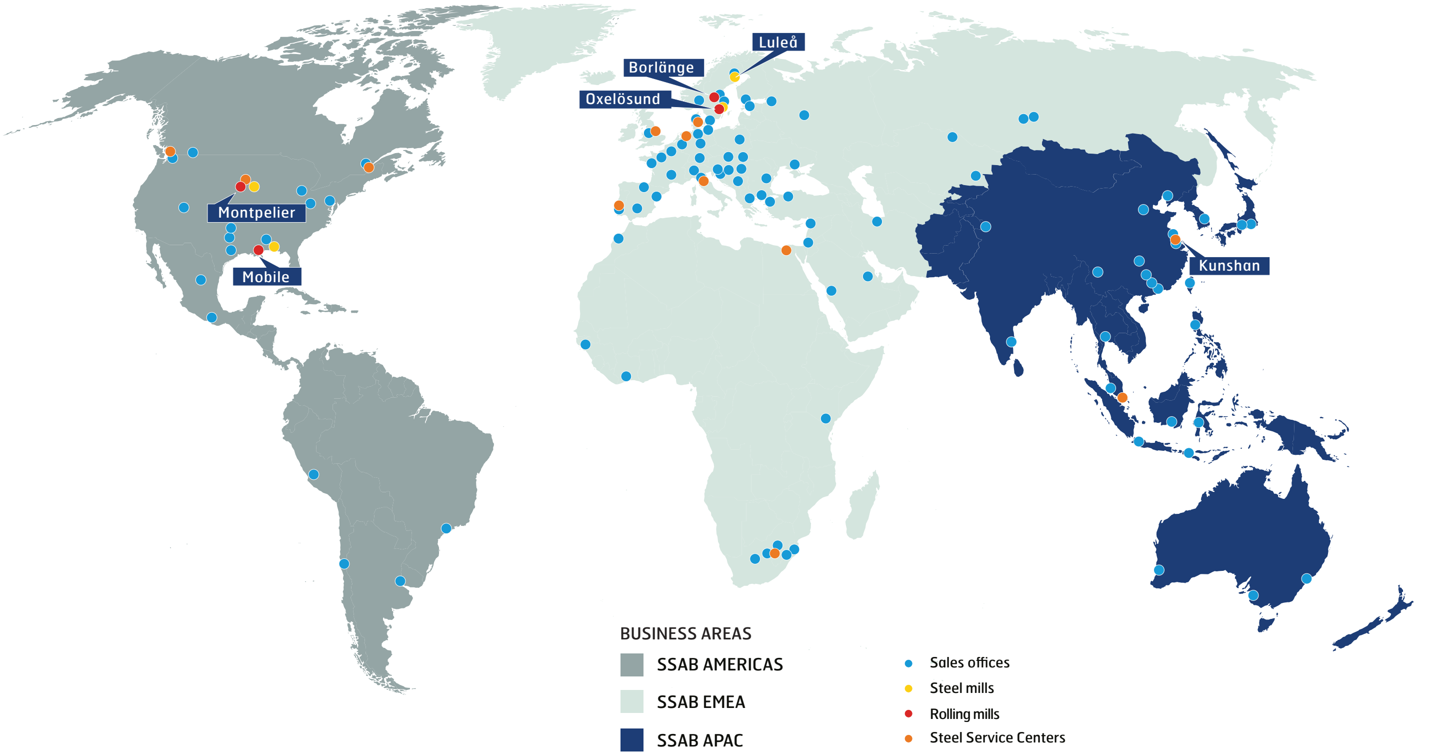
Tundish – An intermediate container in the casting process to facilitate ladle change without disruption in the process

V **Vacuum Degassing** – An advanced steel refining facility that removes oxygen, hydrogen and nitrogen under low pressures (in a vacuum) to produce high quality steel for demanding applications

W **Wear resistance** – Ability to resist the erosion of material from the surface as a result of mechanical action, e.g. abrasion and friction

Wear steel – Steel with qualities adapted to withstand wear, e.g. abrasion

Addresses



Group offices:

SSAB AB
Box 70
101 21 Stockholm, Sweden
Phone: +46 8 45 45 700
Fax: +46 8 45 45 725
Visiting address:
Klarabergsviadukten 70, D6
www.ssab.com

Business Areas/Subsidiaries:

SSAB EMEA
SSAB AB
Box 70
101 21 Stockholm, Sweden
Phone: +46 8 45 45 700
Fax: +46 8 45 45 725

SSAB Americas
SSAB Enterprises, LLC
801 Warrenville Rd., Suite 800
Lisle, Illinois 60532, USA
Phone: +1 630 810 4800
Toll free: +1 877 594 7726
Fax: +1 630 810 4600

SSAB APAC
SSAB Swedish Steel (China) Co. Ltd.
No. 123 Yuanfeng Rd.
Kunshan 215300, China
Phone: +86 512 5012 8100
Fax: +86 512 5012 8200

Tibnor AB
Box 600
169 26 Solna, Sweden
Phone: +46 10 484 00 00
Fax: +46 10 484 00 75
www.tibnor.se

Plannja AB
971 88 Luleå, Sweden
Phone: +46 10 516 10 00
Fax: +46 10 516 11 82
www.plannja.se

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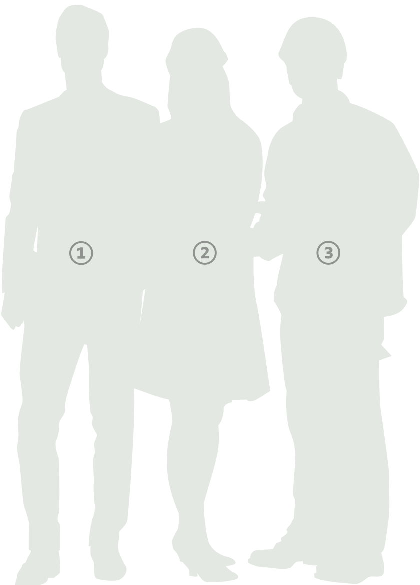

Who are the employees on the front cover?

① **Fredrik Haglund** After having familiarized himself with Tibnor's organization as a consultant, it was an easy decision for Fredrik Haglund, Vice president Logistic & production Tibnor, to choose to take part in the implementation of the change proposals. Four years later, Fredrik is a member of Tibnor's management team and sits on the boards of the Norwegian affiliated companies, within which he strives to create new customer value.

② **Anna Norfjell** at head office in Stockholm enjoys the varied nature of her work as Cash Manager within the Group. She has come to the realization that it's not possible to fully foresee what's going to happen. This means that it's never possible to be really fully trained; instead, people are constantly developing within their area of work. Anna works together, on a daily basis, with different parts of the organization and appreciates the friendly atmosphere at work and the open dialogues that take place with colleagues in Stockholm, around Sweden, and throughout the world.

③ **Gani Mohammed Abdul** is a General Proposal Engineer in Borlänge. He's attracted by the opportunity to participate in driving forward development in the industry by being able to offer customers the combination of thin and strong steels. During his seven years within the Group, Gani has experienced working within production driven by the aspiration is to achieve the highest quality, and has also served customers together with his dedicated colleagues at the Knowledge Service Center. These experiences have made him the right person, within the Shape concept, to develop products tailored to the customers' specifications.

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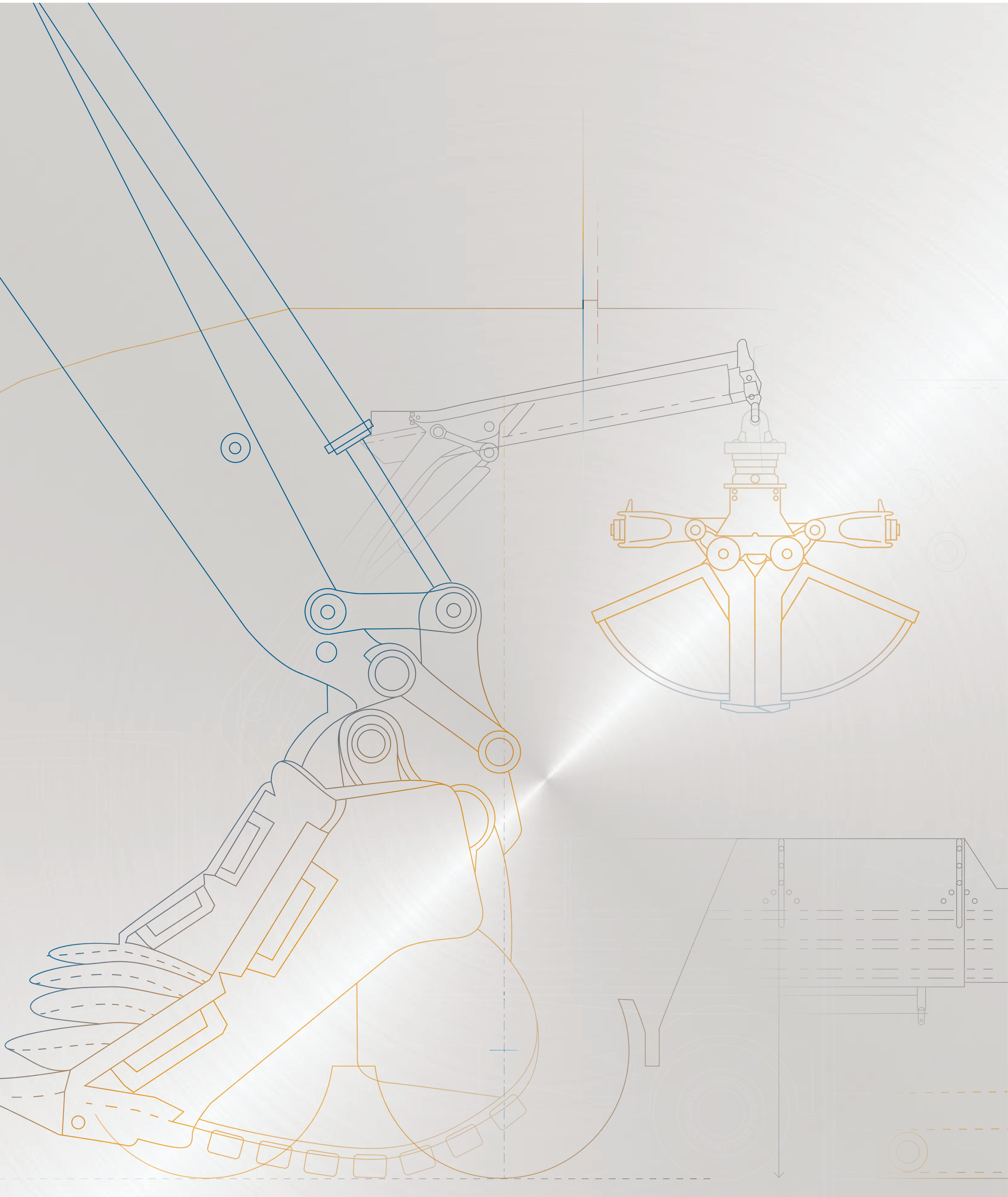
Greenhouse gases emitted though the production of this printed matter, including paper, other materials and transport, were offset through investments in the equivalent amount of certified reduction units in the Kikonda Forest Reserve Forestation project in Uganda.



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