



Annual Report 2007

General Meeting

The Annual General Meeting will be held in Luleå on Friday, March 28, 2008 at 1.30 p.m.

To be entitled to participate at the Annual General Meeting, shareholders **must** be included in the share register that is printed out on Thursday, March 20, 2008, and

must have given notice of their intention to participate at the meeting not later than 12 noon on Tuesday, March 25, 2008.

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 March 20, 2008.

Notice

Notice in respect of participation at the Annual General Meeting shall be given by telephone on +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.

Notices must be received by SSAB not later than 12 noon on Tuesday, March 25, 2008, at which time the notice period will expire.

Proxies

Powers of attorney in original and, as regards legal persons, certificates of registration, should be submitted in due time prior to the Annual General Meeting to:

SSAB Svenskt Stål AB,
Annual General Meeting,
Box 26208,
SE-100 40 Stockholm, Sweden.

Nomination committee

Carl-Olof By, Industrivärden, Chairman
Martin Ivert, LKAB
Peder Hasslev, AMF Pension
Sverker Martin-Löf, Chairman of the Board
Marianne Nilsson, Swedbank Robur Fonder

The Nomination Committee presents, among other things, proposals to the Annual General Meeting concerning the election of the Board of Directors and fees for the Board of Directors.

Dividends

April 2, 2008 is proposed as the record date for the right to receive dividends. It is anticipated that payment of dividends will be effected through VPC on April 7, 2008.

The Board of Directors and the President propose that the Annual General Meeting resolve upon the payment of a dividend for 2007 in the amount of SEK 5.00 per share.

Financial information

SSAB will present the following information for the 2008 financial year:

Report for the first quarter, April 23, 2008.

Half-year report, July 24, 2008.

Report for the first three quarters, October 28, 2008.

Results for 2008, February 11, 2009.

Annual report, March 2009.

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.

SSAB Svenskt Stål AB (publ) Company no. 556016–3429

Joe Brig Art AB, Gothenburg.
Photo: Göran Wink, Pär K Olsson and SSAB's archive.
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Sales increased by 53% to SEK 47,651 (31,054) million, of which IPSCO contributed SEK 13,317 million (43 percentage points).

Operating profit was SEK 8,061 (5,951) million, of which IPSCO contributed SEK 951 million. Excluding non-recurring items of SEK -922 (164) million, operating profit was SEK 8,983 (5,787) million, of which IPSCO contributed SEK 1,970 million.

Profit after financial items amounted to SEK 6,399 (5,949) million, of which IPSCO contributed SEK -829 million.

This means that the profit in the "old SSAB" was SEK 7,228 (5,949) million, which is the highest ever. Excluding non-recurring items of SEK -1,434 (164) million, profit was SEK 7,833 (5,785) million, an increase of 35%, of which IPSCO contributed SEK 702 million.

Profit after tax was SEK 4,685 (4,341) million, entailing earnings per share of SEK 15.45 (14.66).

Cash flow from current operations for the year amounted to SEK 3,957 (3,958) million.

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

At the time of the acquisition of IPSCO, the net debt/equity ratio was 313% and, after the new issue, 171%. At the end of 2007, the net debt/equity ratio was down to 148%.

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2007 – a year of growth and continued high profitability



The past year has been the most eventful year since SSAB was founded. SSAB reported its best ever earnings, at the same time as we carried out the acquisition of the North American company, IPSCO. The steps taken in 2007 have laid the foundations for continued growth within our niche areas in the coming years. As part of the financing of the acquisition of IPSCO, we carried out a new share issue of SEK 10 billion. Thanks to the participation of SSAB shareholders in the financing of the acquisition, it has been possible to reduce the strain on the balance sheet.

Our strategy is to be the leader in high-strength steels. This special niche in the steel market has been of great importance for our successes thus far and will continue to be of great importance in the future. We call the high-strength steels that we produce within the plate area “quenched steels” and, within the strip area, “advanced high-strength steels”. Last year, our niche products in the Swedish divisions grew by 14%. In total, our delivery volumes of niche products reached 1,347 thousand tonnes. This is well in line with the growth targets we have established. Interest in high-strength steels is constantly growing as a consequence of increased environmental awareness and endeavors to save energy. With high-strength steels, the customer’s products are lighter and yet have improved strength and sustainability when compared with ordinary steel products.

Strong earnings in 2007

Operating profit in 2007 increased by 35% to SEK 8,061 million, which was the best result in the Company’s history. Return on capital employed was 18%, thereby exceeding our target of a 15% return on capital employed. Though the strong earnings are based firmly on a continued buoyant steel market, the improvement in earnings is not solely market driven. The financial result is also due to the development conducted within the Company. The increased volumes of niche products have made a large contribution to the improvement. Our ongoing capital expenditure program, as well as the acquisition of IPSCO, is laying the foundations for continued strong growth of our niche products in the global market.

The subsidiary, Tibnor, reported strong earnings for the year and a clear improvement on last year. Increasing volumes due to the boom in industry and construction in the Nordic region have facilitated the earnings trend.

External factors

The market for steel in general, and our niche products in particular, has demonstrated strong growth during the year. Demand has been strong in our important customer segments such as the mining, energy and transportation sectors. Demand for steel globally increased by approximately 7% in 2007 and, this year too, China was the market which contributed to most of the increase in demand. Production capacity also expanded at a high rate in China and exceeded the growth in demand. As a consequence, there is an increasing export of steel products from China. Towards the end of the year, however, the Chinese authorities took measures to reduce exports, leading to a leveling off of export volumes during the latter half of 2007. Chinese exports represent a risk for future steel prices, particularly as regards standard qualities. At the same time, China is the market which offers the greatest growth opportunities for our niche

products. Russia is another part of the world in which steel consumption is expanding rapidly. After many years of weak growth, demand has taken off, not least in the mining and energy sectors that are important for SSAB.

Building for the future

In 2006, we introduced our strategy program based on three cornerstones: accelerated growth within our niches, increased profitability at current plants, and a strengthening and development of the organization. This program, called SSAB 2010, constitutes the lodestar for the development we are carrying out within the Company.

During the past year we have focused strongly on increasing growth within our niche areas. The most important step was the acquisition of the North American steel company, IPSCO. This acquisition has been an important strategic step, both in order to increase our geographical spread and to ensure production capacity for future growth. With IPSCO's production platform we have the possibility to further expand, even now when our Swedish plate operations are almost fully utilized for our niche products. We have also secured a strong foothold on the North American market. The acquisition of IPSCO supports not only our growth in North America but also frees up capacity for growth in Europe, Asia and other regions in the world. In 2007, we opened a distribution center in Kunshan, outside Shanghai, in China. This is our first major step in the Chinese market.

In order to increase profitability at our present plants, we are carrying out a number of programs regarding, among other things, productivity, purchasing, fixed costs and working capital. Within the productivity initiative, during the year pilot projects have been carried out at all major production localities with good results. This work will continue in 2008, when we plan to introduce the work method at several production lines in each locality. The IPSCO Division has an efficient productivity program and, in 2008, we will review the possibilities of introducing this work method in the Swedish part of the steel operations.

I believe that all success is based on quality in the organization and the management that we are able to develop within SSAB. Without good managers we cannot reach our goals. Thus, management development is highly prioritized at SSAB. We have established a plan of action to develop our managers and become an attractive employer in order to recruit the people with the best skills.

SSAB took up large loans in order to finance the acquisition of IPSCO. The entire proceeds of the SEK 10 billion new share issue were used to repay loans taken up in connection with the acquisition, thereby reducing risks and increasing our flexibility for the future.

Our most important objective is to create value for

our shareholders. Through the development we are carrying out, our earnings per share have increased during the year (+5.4%). We have also decided to increase the dividend to SEK 5.00 per share.

The future

We will continue to grow within our niche areas. Growth will take place on markets where SSAB already enjoys a strong position and we will also strengthen our position on less developed markets. The first stages in the integration of IPSCO within SSAB have been successful and we have attained the objectives that we established prior to the acquisition. In the coming years, we will continue to work on exploiting the synergies offered through the acquisition of IPSCO, among other things by expanding the product range and developing production processes and know-how about our customers' products.

We believe strongly in the products on which we have chosen to focus. The increased importance of reducing carbon dioxide emissions is also increasing our customers' focus on using more advanced steels. The increased use of high-strength steels has major advantages for the environment and will impact positively on growth for our products.

We achieved a great deal at SSAB in 2007. This has been made possible by all of our employees. I wish to thank everyone at SSAB for their contribution in making 2007 the best year in our history.



Olof Faxander

Operations

SSAB was formed in 1978 through a merger of the steelworks, Domnarvets Järnverk in Borlänge, Oxelösunds Järnverk and Norrbottens Järnverk in Luleå. Since then, the Group has successfully pursued a niche-orientation strategy focusing on high-strength steels. In addition to the Parent Company, the Group comprises three major divisions, the Strip Products Division, the Plate Division and the IPSCO Division, as well as the subsidiary Tibnor. SSAB has subsidiaries or offices in some 40 countries with sales throughout the world. For the organisation, see page 96.

Strip Products Division

Share of Group's



The Strip Products Division is the largest strip manufacturer in the Nordic region and one of the leading companies in Europe within the area of advanced high-strength steels. The high-strength steel is used, among other things, for heavy and light vehicles and by crane manufacturers. Ordinary strip steel is used primarily within the engineering and construction industries.

IPSCO Division

Share of Group's



The IPSCO Division is a leading supplier of plate and energy tubulars on the North American market. To a large extent, the end customers for the IPSCO Division's steel products comprise companies in the energy and transportation sectors.

Plate Division

Share of Group's



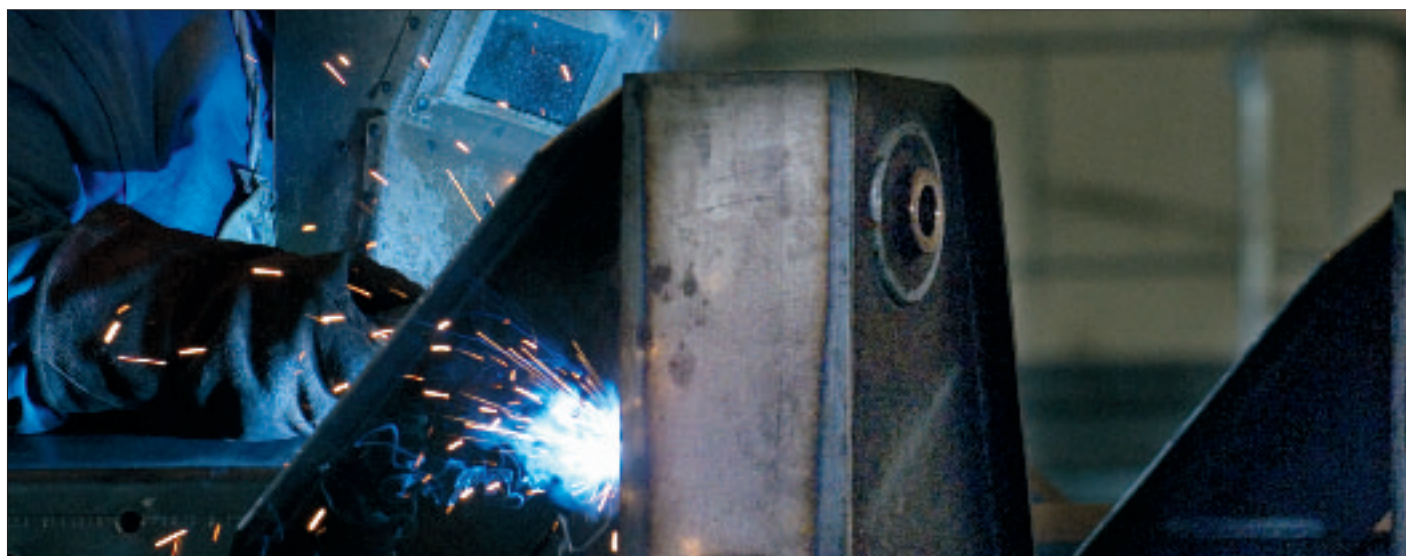
The Plate Division is the world's leading producer of quenched steels, i.e. abrasion-resistant steels and extremely high-strength construction steels. These are used, among other things, in construction machinery, mining equipment, and cranes. Ordinary plate is used within shipbuilding and general engineering and also within the wind power industry.

Tibnor

Share of Group's



Tibnor is the leading Swedish commercial steels company with a range of commercial steels, specialty steels, pipes, and stainless steels. Non-ferrous metals and building-related products supplement the product range.



Five-year summary

| | 2007 | 2006 | 2005 | 2004 ¹⁾ | 2003 |
|--|---------------|--------|--------|--------------------|--------|
| Sales (SEK millions) | 47,651 | 31,054 | 27,804 | 24,631 | 19,806 |
| Operating profit (SEK millions) | 8,061 | 5,951 | 5,712 | 3,858 | 1,477 |
| Profit after financial items (SEK millions) ²⁾ | 6,399 | 5,949 | 5,648 | 4,758 | 1,323 |
| Profit after tax for the shareholders (SEK millions) ²⁾ | 4,587 | 4,253 | 4,021 | 3,593 | 899 |
| Capital expenditures and acquisitions (SEK millions) | 57,592 | 1,407 | 853 | 727 | 1,041 |
| Cash flow from current operations (SEK millions) | 3,957 | 3,958 | 2,976 | 2,213 | 1,044 |
| Net debt (SEK millions) | 43,273 | - 176 | 407 | 1,718 | 3,032 |
| Capital employed, at year-end (SEK millions) | 74,390 | 17,285 | 16,658 | 16,637 | 13,974 |
| Total assets (SEK millions) | 90,705 | 22,795 | 21,820 | 21,618 | 18,611 |
| Return on capital employed before taxes (%) | 18 | 36 | 34 | 34 | 12 |
| Return on equity after taxes (%) | 22 | 29 | 30 | 33 | 9 |
| Equity ratio (%) | 32 | 68 | 66 | 60 | 54 |
| Net debt/equity ratio (%) | 148 | - 1 | 3 | 13 | 30 |
| Dividend per share (SEK) – 2007 proposal ³⁾ | 5.00 | 4.50 | 3.00 | 2.50 | 2.00 |
| Earnings per share (SEK) ³⁾ | 15.45 | 14.66 | 12.87 | 10.86 | 2.72 |
| Average number of employees ⁴⁾ | 10,218 | 8,031 | 8,832 | 9,412 | 9,570 |
| Sales per average employee (SEK millions) | 4.7 | 3.9 | 3.1 | 2.6 | 2.1 |
| Production of crude steel ('000 tonnes) ⁵⁾ | 7,741 | 3,737 | 3,966 | 4,142 | 3,911 |

¹⁾ 2004 has been adjusted in accordance with IFRS, however not 2003. An adjustment for 2003 would, though, have yielded only a marginal effect.

²⁾ The capital gain upon the sale of SSAB HardTech affected the result for 2004 by SEK+825 million.

³⁾ Data per share has been recalculated to take into account the 3:1 split carried out in 2006 and the 1:4 new issue carried out in 2007.

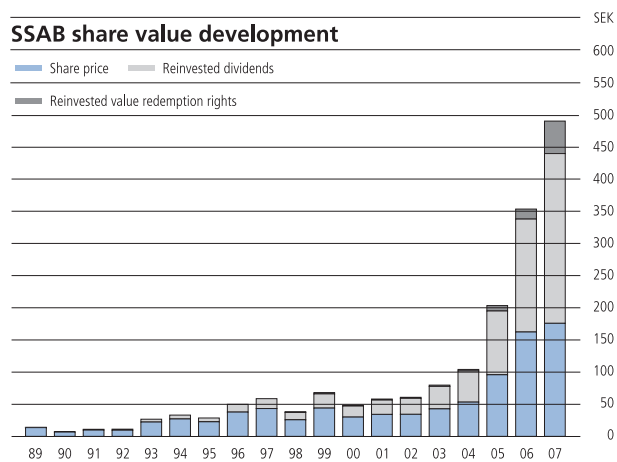
⁴⁾ New definition commencing 2007. Only the figure for 2006 has been adjusted.

⁵⁾ The figure for 2007 includes "old SSAB" in the amount of 3,957 thousand tonnes and IPSCO for the full year of 2007 in the amount of 3,784 thousand tonnes.

Definitions are set forth in Note 29.



SSAB share value development



The diagram shows the increase in value of one share in SSAB subscribed for at a price of SEK 12 when the SSAB share was listed in 1989. It has been assumed that dividend and redemption rights received have been reinvested in SSAB shares. Since 1989, this has resulted in an average increase in value of just over 21% per year.

Strategy, plan of action and targets

SSAB's Board of Directors has adopted a three-year plan of action, SSAB 2010, the objective of which is to increase the Group's profitability and growth. The plan covers three main areas: accelerated growth in our niches, increased profitability at current plants, and strengthening and increasing the efficiency of the organization. This strategy plan will make SSAB the most efficient and profitable company in the industry.

The Group's steel operations have developed successfully thanks to a deliberate niche orientation. This strategic orientation will be maintained with a strong focus on several selected product segments in which a strong market position and high profitability can be achieved. In the plate area, investments are being made within quenched steels, i.e. abrasion-resistant steels and extremely high-strength construction steels, in which the Group is already a world leader. Investments within the strip products area are taking place within advanced high-strength steels, in which SSAB is one of the leading companies in Europe. By using quenched steels or advanced high-strength steels, the customer will be able to improve its products and thereby its profitability. Added value is created in a process which takes place in close cooperation with the customer. The added value that is created benefits both the customer and SSAB and thereby ensures continued good profitability.

A complete range of strip products is supplied on neighboring markets where the location provides significant advantages and favorable conditions for profitability. Tibnor is an important factor in the possibilities to further develop this strategy.

Growth within the niche products has been higher than for the steel market in general and deliveries of these products have increased substantially over the past five years, as shown in the adjacent diagram. The investments that have been, and are being, made within SSAB's steel operations make possible continued strong growth within these niche areas. Growth is anticipated primarily in North America, South America and Asia, and will be achieved through organic investments as well as acquisition-based investments. The acquisition of IPSCO represents a stage in the implementation of such a strategy and allows for significant growth within the chosen niches.

The acquisition of IPSCO creates a very strong position in North America within the steel pipe sector, which is an entirely new product category for SSAB. The input material in the production of welded pipes is plate, which is within SSAB's previous product areas. The Group did not operate in the pipe sector prior to the acquisition of IPSCO, and management and the Board of Directors are evaluating how this area can best be developed in order to maximize value for the shareholders.

Improvements in profitability at the plants will take place through several measures. Supervision and imple-



mentation of an overall Group program for systematic productivity work will be carried out, fixed costs will be reduced, and tied-up capital reduced. In addition, economies of scale within purchasing will be exploited.

The organizational measures are aimed at better exploiting the synergies that exist between SSAB's different units. At the same time, intensive investments are taking place to strengthen the organization within several key areas.

Systematic work is taking place, within the Group's global manager supply process, to ensure that we have the management that is required. Identification, appointment, development and evaluation take place based on six main criteria which have been established by the Group Executive Committee. This process also constitutes the basis for the planning work that has commenced to handle a generational shift at the Company.

Financial targets

Capital Structure

The Group's operations are very sensitive to the business cycle. Individual investment projects within the steel operations may, in addition, be extremely large and thus the equity ratio should be relatively high. The target is a long-term equity ratio of approximately 50% and a long-term net debt/equity ratio of 30%.

Dividends

Dividends shall be adapted to the average profit level over a business cycle and, in the long-term, constitute approximately 50% of profit after tax. In the short-term, however, the net debt/equity ratio must be considered. It shall also be possible to use dividends to adjust the capital structure.

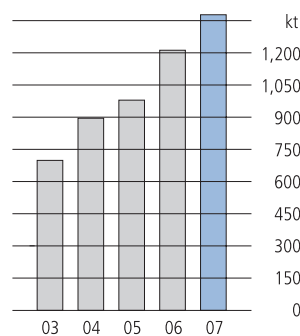
Profitability

In order to ensure long-term development and taking into consideration the equity ratio requirement and the dividend policy, the target is that the return on capital employed over a business cycle shall exceed 15%.

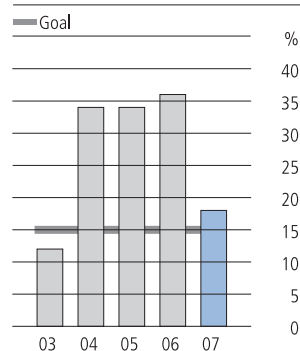
Profitability and net debt/equity ratio during the past five years, compared to targets, are shown in the adjacent diagrams.

Deliveries

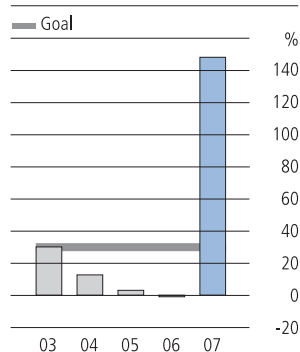
of advanced high-strength sheet and quenched steels



Return on capital employed



Net debt/equity ratio



Group Review

SSAB Svenskt Stål AB (publ), Company no. 556016-3429

International review

The increase in global demand for steel remained strong during 2007 and, according to forecasts issued by the International Iron and Steel Institute (IISI), amounted to approximately 7%. Growth was more balanced between growth economies and mature economies than in with previous years, with the exception of North America, where steel consumption fell during the year.

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

The European market

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

The Swedish market

The Swedish market for strip and plate was strong during 2007 and is estimated to have demonstrated growth of approximately 3% during the year, which is somewhat lower than growth in 2006.

The order situation remains strong among SSAB's customers. The investment level remains high within infrastructure-related industry and equipment for the mining industry, as well as heavy transportation.

Acquisition of IPSCO

On May 3, a public tender offer was made for the North American steel company, IPSCO, of USD 160 per share in cash or, just over USD 7.5 billion for all shares. The offer was approved by IPSCO's extra general meeting on July 16 and the entire company was taken over on July 18. Since that date, IPSCO has been included as a division in the SSAB Group.

The acquisition of IPSCO was financed with loans as well as a new issue of SEK 10 billion which was carried out in August.

In 2006, IPSCO reported sales of almost USD 3.8 billion and an operating profit of approximately USD 1 billion. In 2006, IPSCO delivered approximately 3.7 million tonnes of plate and pipes and had just over 4,400 employees.

At the time of the acquisition, IPSCO had booked assets of SEK 28.7 billion as well as short and long-term liabilities of SEK 12.6 billion, i.e. booked net assets of SEK 16.1 billion. The purchase price including acquisition costs exceeded the net assets by SEK 34.5 billion. SEK 1.0 billion was allocated to surplus values in inventory while an amount of SEK 5.0 billion has provisionally been allocated on tangible assets, SEK 6.6 billion on

Contribution from IPSCO¹⁾

| SEK millions | Commencing the acquisition date, 18 July 2007 | Pro forma as if the acquisition had occurred on January 1, 2007 |
|--|---|---|
| Revenues | 13,317 | 28,686 |
| Operating profit before depreciation, EBITDA | 3,021 | 6,681 |
| Operating profit, EBIT | 1,970 | 4,336 |
| Profit after financial items | 702 | 1,590 |
| Effect on earnings per share | 1.41 | 3.19 |

¹⁾ Based on IPSCO's reporting up to and including July 17 and, commencing July 18, based on the figures which are consolidated in SSAB. The presentation includes neither non-recurring costs which IPSCO incurred in connection with SSAB's acquisition, the non-recurring write-offs on surplus values in inventory which occurred, nor the non-recurring costs for financing. EBIT, on the other hand, is affected by depreciations on the provisional surplus values identified at the time of the acquisition. In total, these depreciations amount to SEK 528 million for July 18 – December 31 and to SEK 1,183 million pro forma for the full year of 2007. The tax rate has been estimated at 35%. The effect on earnings per share has been calculated based on the outstanding number of shares, 323.9 million.

intangible assets and SEK – 4.4 billion on deferred tax liabilities, after which the remaining SEK 26.2 billion is reported as goodwill. Acquired goodwill amounted to SEK 4.2 billion and assumed net debts amounted to SEK 5.0 billion.

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

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

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

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

Sales

The market for quenched steels has benefited from the continued strong trend within investment goods in both mature economies as well as developing regions. Demand for quenched steels was strong throughout the year and it was possible to gradually increase prices which, in Swedish kronor, were 9% higher than in 2006.

There was strong demand for strip products in Europe during the year. During the first half of the year, it was possible to gradually carry out price increases totaling approximately 9% in local currencies. Prices leveled off during the third quarter and fell somewhat during the

fourth quarter. However, strip prices remained at a historically high level. For the year as a whole, prices in Swedish kronor were 12% up on 2006.

For the year as a whole, prices in the Swedish steel operations were 13% higher than in 2006. The price trend is shown on page 10.

The Plate Division's deliveries of quenched steels increased by 9% in 2007. The market's demand for quenched steels continues to outstrip our capacity to produce and deliver. In total, deliveries of quenched steels during the year amounted to 557 (510) thousand tonnes, representing 91 (82)% of total plate deliveries.

Deliveries of advanced high-strength steels increased by 17% in 2007 compared with last year and amounted to 817 (699) thousand tonnes, equal to 33 (28)% of total strip product deliveries. The increase was primarily due to the Lifting Equipment, Engineering and Heavy Transportation sectors in the United States and Asia. The proportion of ordinary strip products outside the Nordic region has continued to decline in accordance with the Strip Products Division's plan to concentrate the ordinary steel business on the Nordic region.

The year's deliveries of core niche products, advanced high-strength steels and quenched steels, thus amounted to 1,374 (1,209) thousand tonnes, an increase of 14%.

Total deliveries of steel from the Swedish steel operations declined during the year by 1% to 3,060 (3,096) thousand tonnes. Of the deliveries, 2,451 (2,474) thousand tonnes consisted of strip steel and 609 (622) thousand tonnes of plate.

IPSCO's deliveries for the full year were 10% up on 2006. Deliveries of plate increased by 87 thousand tonnes to 2,547 (2,460) thousand tonnes and pipe deliveries increased by 290 thousand tonnes to 1,520 (1,230) thousand tonnes. The increase in pipe volumes is mainly due to IPSCO's acquisition of NS Group, which was completed at the end of 2006.

The Group's sales increased by 53% to SEK 47,651 (31,054) million. Of the increase, SEK 13,283 million (43 percentage points) consisted of additional external

sales through the acquisition of IPSCO. Higher prices and an improved mix accounted for 9 percentage points, while increased volumes accounted for 1 percentage point of the increase. Sales to external customers per business area are shown in the table below.

External sales per business area

| SEK millions | 2007 | % | 2006 | % |
|------------------------------|---------------|------------|--------|-----|
| Strip Products Division | 13,373 | 28 | 12,560 | 40 |
| Plate Division | 8,292 | 17 | 7,026 | 23 |
| IPSCO Division ¹⁾ | 13,283 | 28 | – | – |
| Tibnor | 10,263 | 22 | 9,162 | 29 |
| Other | 2,440 | 5 | 2,306 | 8 |
| Total | 47,651 | 100 | 31,054 | 100 |

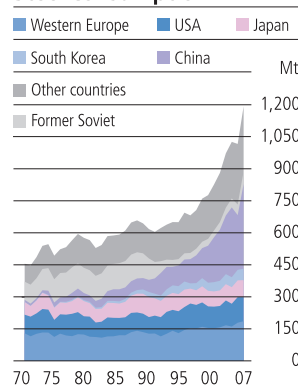
¹⁾ IPSCO included for 5.5 months.

Measured in terms of volume, exports from the Swedish steel operations amounted to 69 (70)%. For the Group as a whole, sales outside Sweden accounted for 74 (64)%, as shown in the table next side of sales per geographic region.

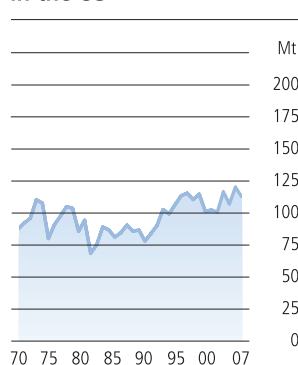
Sales per geographic region

| SEK millions | 2007 | % | 2006 | % |
|----------------|---------------|------------|--------|-----|
| Sweden | 12,485 | 26 | 11,289 | 36 |
| Germany | 2,669 | 6 | 2,507 | 8 |
| Denmark | 2,136 | 4 | 2,093 | 7 |
| Italy | 1,843 | 4 | 1,968 | 6 |
| Finland | 2,325 | 5 | 1,960 | 6 |
| Benelux | 1,320 | 3 | 1,143 | 4 |
| Great Britain | 1,253 | 3 | 1,076 | 4 |
| Poland | 989 | 2 | 901 | 3 |
| France | 670 | 1 | 653 | 2 |
| Other EU 27 | 2,613 | 5 | 2,024 | 7 |
| Norway | 1,158 | 3 | 979 | 3 |
| Rest of Europe | 584 | 1 | 508 | 2 |
| USA | 11,496 | 24 | 1,278 | 4 |
| Canada | 3,499 | 7 | 440 | 1 |
| China | 792 | 2 | 771 | 3 |
| Rest of Asia | 918 | 2 | 728 | 2 |
| Other markets | 901 | 2 | 736 | 2 |
| Total | 47,651 | 100 | 31,054 | 100 |

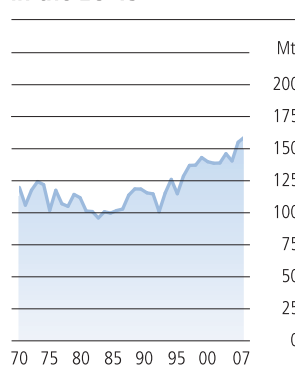
Steel consumption



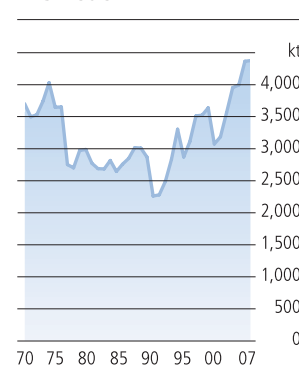
Steel consumption in the US



Steel consumption in the EU-15



Steel consumption in Sweden



Production

Strip Products Division

Crude steel production was at a stable, high level during the year, while strip production was affected by a number of minor disruptions. In total, crude steel production amounted to 2,304 (2,206) thousand tonnes and strip production to 2,653 (2,660) thousand tonnes.

Plate Division

Crude steel production reached 1,653 (1,530) thousand tonnes during the year. Production during the fourth quarter of 2006 was, however, restricted due to the explosion at the oxygen plant in Oxelösund. Plate production amounted to 577 (586) thousand tonnes.

IPSCO Division

Plate production for the full year amounted to 3,321 (3,288) thousand tonnes, while pipe production reached 1,387 (1,178) thousand tonnes.

Cost trend

Costs in the business increased by 57% compared with the preceding year and were SEK 40,273 (25,618) million. For comparable units (excluding IPSCO), costs amounted to SEK 29,322 (25,618) million, an increase of 14%. Of these costs, SEK 6,835 (6,403) million related to products purchased in the processing and trading operations.

Prices of raw materials are set on the world market and the prices, which are primarily quoted in USD, are heavily dependent on the steel business cycle. Iron ore and coal are the dominant raw materials used by SSAB and price and delivery agreements are normally entered into annually at the beginning of the year.

The annual iron ore and coal agreements for 2007 entail a price increase in USD of 7% for iron ore and a decrease of 13% for coal. The deliveries were hedged and meant that the price in Swedish kronor increased by 2% for iron ore. The iron ore agreements entered into force at the beginning of the year and thus the full impact has largely been felt in costs. As regards coal,

the net effect in Swedish kronor was a price reduction of just over 10%. The coal agreements entered into force on April 1 and, due to held inventories, the full impact was not felt until the third quarter, and thus costs for coal during the year were 7% higher than in 2006.

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

IPSCO's second important input material is electricity, in respect of which long-term contracts have been signed, mainly at fixed prices. The electricity contracts extend until 2011, 2016 and 2018.

The Group's cost structure is shown in the diagram on page 12.

Energy

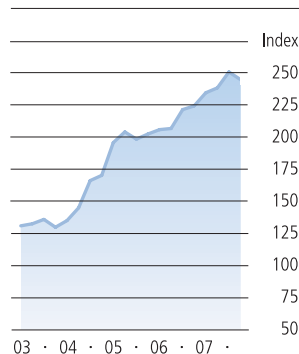
Coal is an essential reduction agent in order to remove oxygen from the iron ore and constitutes one of the most important raw materials in the manufacture of iron ore-based steel. Coal also accounts for approximately 85% of the energy provided for the steel operations.

Energy is otherwise provided by electricity, oil, and LPG. In total, the steel operations consumed 1,778 (1,750) GWh of electric power and 1,651 (1,610) GWh of oil and LPG during the year. Through the utilization of the energy-rich gases that are formed during steel production, electricity is produced, among other things, at the OK3 heat and power plant in Oxelösund and in the half-owned energy company, Lulekraft. During the year, these plants produced 818 (791) GWh of electricity.

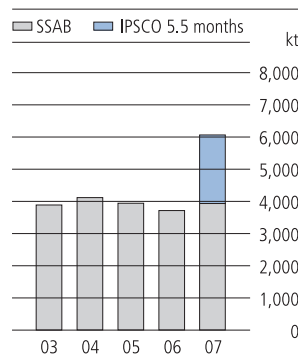
Electricity and natural gas represent significant energy costs for IPSCO and account for approximately 10% of total steel plant production costs. As already stated, IPSCO has long-term, fixed-price electricity contracts.

Price trend

Index 100 = 1988 quarter 1

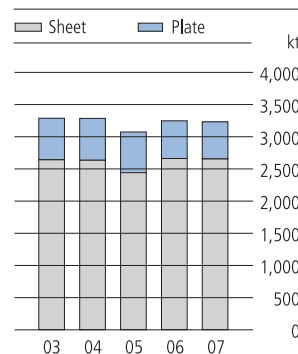


Crude steel production



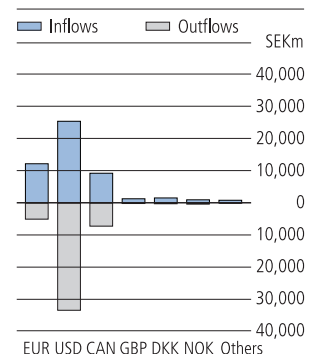
Steel production

Swedish steel operation



Currency flows

Pro forma with IPSCO the full year





In total, the Group's energy costs (excluding coal) amounted to SEK 2,234 (1,500) million, of which IPSCO accounted for SEK 655 million.

Non-recurring items

During the year, non-recurring write-offs of surplus values on inventories affected the result by SEK 1,019 million. The surplus values on inventories were booked at the time of the acquisition of IPSCO, when the inventory was reported at fair value as part of the acquisition analysis.

| SEK millions | 2007 | 2006 |
|--|---------|------|
| Non-recurring write-offs, surplus values inventory | - 1,019 | - |
| Capital gain, sale of property companies | 97 | 87 |
| Capital gain, sale of Cogent | - | 77 |
| Effect on operating profit | - 922 | 164 |
| Non-recurring expenses, financing IPSCO | - 401 | - |
| Redemption of financial lease in IPSCO | - 111 | - |
| Effect on profit after financial items | - 1,434 | 164 |

The surplus value has thereafter affected the result as acquired inventory has been turned over. The surplus value on IPSCO's inventory was booked as cost in its entirety in 2007 and is included in the item, Costs of sold goods.

During the year, financial items were affected by non-recurring costs of SEK 401 million incurred in financing the acquisition of IPSCO. These costs consist of fees paid to the banks that arranged the bridge financing. In addition, there are costs for the redemption of a financial lease in IPSCO in the amount of SEK 111 million. Additional financing costs of almost SEK 55 million for the bridge financing will affect net financial items during the loan term, up to 5 years.

During the year, Tibnor sold a number of properties which were not required in the business, generating a capital gain totaling SEK 97 (87) million, which is included in the item, Other operating revenue.

During the third quarter of 2006, the 25% stake in

Cogent Power was sold to Corus, realizing a tax-free capital gain of SEK 77 million. The capital gain was included in the item, Other operating revenue.

Non-recurring items are included in the operating profit in the amount of SEK -922 (164) million, and in profit after financial items in the amount of SEK -1,434 (164) million.

Profit

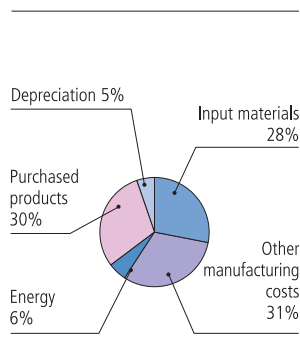
| SEK millions | 2007 | 2006 |
|------------------------------|----------|----------|
| Sales | 47,651 | 31,054 |
| Expenses | - 37,644 | - 24,276 |
| Depreciation/write-off | - 2,046 | - 963 |
| Affiliated companies | 100 | 136 |
| Operating profit | 8,061 | 5,951 |
| Financial items | - 1,662 | - 2 |
| Profit after financial items | 6,399 | 5,949 |

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

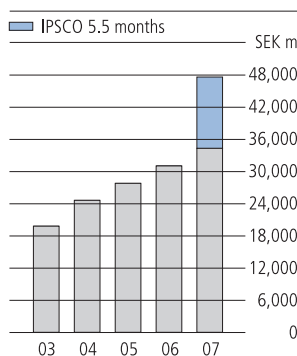
The profit analysis is set forth in the table below.

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

Cost structure

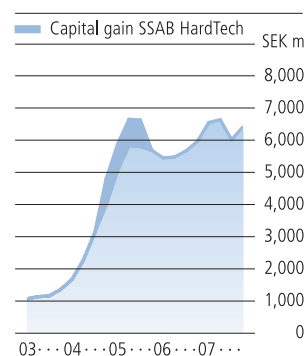


Sales

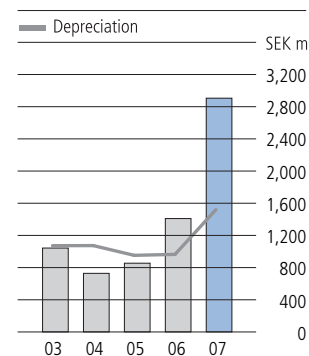


Profit after financial items

Moving 12 months



Investments in plants and depreciations



The skills replacement program caused an increase in fixed costs by SEK 265 million. Fixed costs were also affected by an increased cost level due to expansion investments of SEK 140 million in the Swedish steel operations.

The profit includes a positive effect of SEK 69 million regarding insurance compensation relating to the explosion at the oxygen plant in Oxelösund. SSAB has claimed further compensation and negotiations are taking place with the insurance company.

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

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

Taxes

Taxes for the year amount to SEK 1,714 (1,608) million, consisting of current taxes of SEK 2,406 (1,654) million as well as deferred taxes of SEK -692 (-46) million. The effective tax rate for the Group was 27 (28)%. This low tax rate is due to a negative result from a tax perspective in North America (following a charge on surplus values on inventory and depreciation of surplus values) as well as tax-exempt capital gains upon the sale of companies.

Profitability and equity ratio

Net profit after tax and minority shares increased by SEK 334 million to SEK 4,587 (4,253) million, equal to earnings per share of SEK 15.45 (14.66). (Earnings per share have been adjusted to take into account the bonus issue element in the new issue.)

Return on capital employed before tax was 18 (36)% and return on equity after tax was 22 (29)%. Net debt at the end of the year was SEK 43,273 (-176) million, equal to a net debt/equity ratio of 148 (-1)%. The net debt/equity ratio immediately after the acquisition was

Consolidated Balance Sheet

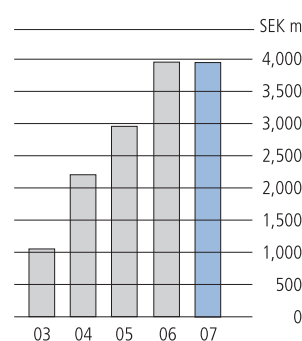
| SEK millions | Dec. 31 2007 | Dec. 31 2006 |
|--|-----------------|-----------------|
| Assets | | |
| Goodwill | 30,203 | - |
| Other intangible assets | 10,445 | 10 |
| Tangible assets | 22,818 | 7,962 |
| Interests in affiliated companies | 353 | 283 |
| Financial assets | 272 | 15 |
| Deferred tax claims | 1,025 | 70 |
| Total fixed assets | 65,116 | 8,340 |
| Inventories | 14,072 | 6,951 |
| Accounts receivable | 8,268 | 4,926 |
| Current tax claims | 246 | 37 |
| Other current interest-bearing receivables | 0 | 495 |
| Other current receivables | 1,296 | 673 |
| Liquid assets | 1,707 | 1,373 |
| Total current assets | 25,589 | 14,455 |
| Total assets | 90,705 | 22,795 |

Equity and liabilities

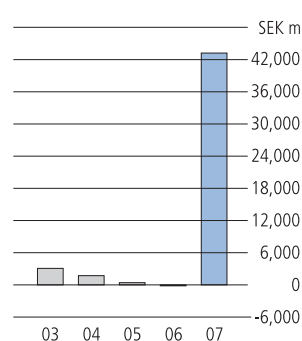
| | | |
|--|--------|--------|
| Shareholders' equity in the company | 28,916 | 15,335 |
| Minority shares | 229 | 216 |
| Total equity | 29,145 | 15,551 |
| Deferred tax liabilities | 8,514 | 1,302 |
| Other long-term provisions | 473 | 154 |
| Long-term interest-bearing liabilities | 39,825 | 850 |
| Total long-term liabilities | 48,812 | 2,306 |
| Current interest-bearing liabilities | 4,998 | 306 |
| Current tax liabilities | 40 | 448 |
| Accounts payable | 4,740 | 2,362 |
| Other current liabilities | 2,970 | 1,822 |
| Total current liabilities | 12,748 | 4,938 |
| Total equity and liabilities | 90,705 | 22,795 |

313% and, following the new issue, 171%. At the end of the year, the average term until maturity on the Group's loans was 3.4 years, with a rate of interest of 5.5% and an average fixed interest period of 5.3 months.

Cash flow from current operations

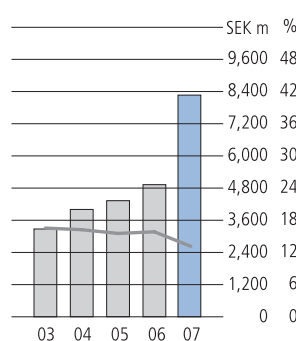


Net debt



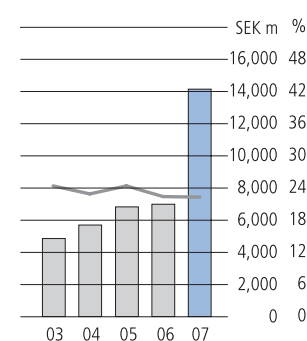
Accounts receivable

Percent of sales, (inclusive IPSCO pro forma for the full year)



Inventories

Percent of sales, (inclusive IPSCO pro forma for the full year)



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

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

¹⁾ IPSCO included for 5.5 months. IPSCO's operating profit has been affected by SEK 528 million in depreciations on provisionally allocated surplus values on intangible and tangible assets.

²⁾ "Other subsidiaries" also includes Plannja.

³⁾ The surplus value of IPSCO's inventory at the time of the acquisition amounted to SEK 1,019 million; this has been booked as a cost in its entirety and affected the result during the year.

⁴⁾ IPSCO's return on capital employed has been calculated by converting the outcome for the period of the holding, 5.5 months, to an annual figure and comparing this with capital employed in July-December. IPSCO's return on capital employed excluding surplus values from the acquisition is shown in brackets. The return on capital is otherwise calculated on a result for the most recent twelve months in relation to the average capital employed for the most recent twelve months.

Profitability and the net debt/equity ratio compared with targets are shown in diagrams under the section, Strategy, plan of action and targets, on page 7.

Dividends

At the end of 2007, the net debt/equity ratio was 148%, compared with the Group's long-term target of 30%. For a number of years, SSAB has paid out dividends below the long-term dividend target and thus an increase is justified. However, the board believes that the increase should be limited due to the Company's current high debt/equity ratio, and thus will propose to the annual general meeting a dividend of SEK 5.00 (4.50) per share, equal to SEK 1,620 (1,166) million.

Capital expenditures

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

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

Operational cash flow

| SEK millions | 2007 | 2006 |
|---|-----------------|---------|
| Strip Products Division | 2,541 | 2,803 |
| Plate Division | 2,210 | 2,147 |
| IPSCO Division | 2,674 | – |
| Tibnor | 510 | 511 |
| Other | 80 | 153 |
| Operational cash flow | 8,015 | 5,614 |
| Financial items | – 1,652 | – 2 |
| Taxes ¹⁾ | – 2,406 | – 1,654 |
| Cash flow from current operations | 3,957 | 3,958 |
| Acquisition of companies and businesses ²⁾ | – 50,601 | – |
| Expansion investments | – 1,634 | – 514 |
| Sale of companies and businesses ³⁾ | 156 | 350 |
| Cash flow before dividends and financing | – 48,122 | 3,794 |
| Dividends/redemption | – 1,166 | – 3,023 |
| New issue | 9,962 | – |
| Assumed net debt, acquired companies | – 4,978 | – |
| Currency translation, etc. | 855 | – 188 |
| Change in net loan debt | – 43,449 | 583 |

¹⁾ The difference between the tax expenses for the year of SEK –1,417 million and tax according to the operational cash flow, SEK –2,406 million, comprises deferred tax income in the amount of SEK +692 million which is included in the income statement but not in cash flow.

²⁾ IPSCO was acquired on July 18, 2007 for SEK 50,816 million, excluding assumed liabilities, while Steinwalls Plåt AB was acquired in April 2007 for SEK 85 million.

³⁾ As regards 2006, Sold companies and businesses relates to the purchase price received for Cogent in the amount of SEK 248 million and, as regards 2006 and 2007, to the purchase price received for a number of property companies within Tibnor.

The cash flow presentation differs from a presentation in accordance with IFRS insofar as the cash flow is affected by current tax expenses, i.e. the tax which is to be paid. The difference between this tax and the tax which has actually been paid is thereby regarded as a financial debt/claim. In a presentation in accordance with IFRS, on the other hand, the cash flow from current operations is affected by the tax actually paid during the period.

Financing and liquidity

Cash flow from current operations consists of cash flow after financial items and paid taxes, changes in working capital as well as regular maintenance investments. Cash flow from current operations amounted to SEK 3,957 (3,958) million.

The Group's cash flow is shown in the adjacent table.

Research and development

The Group's focus on core niche products has been further strengthened during the year.

The use of high-strength and quenched steels has increased in importance due to an ever greater understanding of the advantages provided by these steels and an increased focus on the environment, factors which are increasing the incentive to use the Group's core niche products. Within, among others, the transportation sector, the use of high-strength materials leads to lighter designs, reduced fuel consumption, a longer product life and thereby a lower total cost and a lower total impact on the environment.

The acquisition of IPSCO creates a platform for further expansion within the Group's niche sectors. Together with ongoing development programs within both the Strip Products Division and the Plate Division, a strong platform for production and growth is created for the continued development of the Group's niche strategy. Intensive work has been carried out during the autumn on delivering results from the identified development areas offered by the Group's new production platform.

The Group's organization for technology and development has been strengthened during the year, among other things through coordination of the Group's product and process development initiatives, which is aimed at further focusing on the development of core niche products.

Within the Plate Division, product and process development resources are now totally concentrated on quenched steels. Parallel with ongoing capacity expansion, an intensive product development program is underway to launch an expanded dimension range in 2008.

Within the Strip Products Division, product and process development has further concentrated on manufacturing products with even higher strength. The investment in a new coiler, which will be completed in 2008, will lead to the introduction of products with higher strength and an expanded dimension range.

Product and process development work within the IPSCO Division covers both plate and pipes. The start-up of the quenching line in Mobile, Alabama has been very successful and the introduction of abrasion-resistant plate and construction plate has taken place according to plan. The development of high-strength steel, manufactured directly in the rolling mill, has continued and is concentrated in Montpelier, Iowa.

SSAB's concept is that a large part of the development work should be conducted working closely with our

customers. Each year, a large number of development projects are carried out together with these customers, to which SSAB allocates its top-line expertise within both the product and process development areas. In these cooperation projects, it has been possible to identify new design solutions with support from SSAB's specialist groups: Knowledge Service Center, Conceptual Design Group and Wear Technology Group.

The steel operations' R&D costs amount to approximately SEK 200 million. Various national and international networks play an important role in both long-term and fundamental R&D. Important partners in the Group's R&D network include the Swerea (Swedish research) institutions, MEFOS and KIMAB, the industry organizations, Jernkontoret (the Swedish Steel Producers' Association), Eurofer (European Confederation of Iron and Steel Industries) and the International Iron and Steel Institute, as well as various universities and colleges. The Group takes part in a number of development projects financed jointly with other steel companies and the EU's Research Fund for Coal and Steel. IPSCO supports research activities at a number of North American universities such as McGill, McMaster, University of Alberta, University of British Columbia and the Colorado School of Mines. IPSCO is also an active participant in the Pipeline Research Council.

Subsidiaries possess, among other things, ISO 9000:2000 and ISO/TS 16949 certification for deliveries and thereby meet the customers' demands that the operations possess approved quality assurance systems.

Ethical issues

The Group's work methods must at all times be characterized by respect for the countries and environments in which the Group operates, and respect for employees and cooperation partners. During the year, the Group has developed and introduced new business ethics rules as well as a sustainability policy. Detailed instructions regarding a prohibition on the giving and taking of bribes have been in place for some time.

The business ethics provisions establish rules regarding behavior within, among others, the following areas:

- respect for fundamental human rights in accordance with the UN Declaration;
- a non-discriminatory corporate culture;
- employees' honesty and integrity in relations to other employees, customers, suppliers, business partners, organizations and governmental authorities;
- positive social influence within the communities in which the Group operates;
- environment and husbanding of resources – all operations shall be conducted in a resource-efficient manner and efficiently as regards the use of raw materials, energy and other natural resources;

- adherence to laws and contracts and compliance with generally accepted business practices on all markets and in all of the Company's operations;
- the health and safety of employees at the workplace shall be safeguarded.

All divisions and major subsidiaries also have their own ethical guidelines which are adapted to their particular operations and may not entail any deviation from the Group's overall business ethics rules. The business ethics rules at Group level and at each division and major subsidiary have been preceded by extensive reviews involving various manager groups and work groups.

In order to ensure that SSAB's suppliers comply with the requirements of the United Nations Declaration on Human Rights, the divisions and subsidiaries conduct assessments regarding suppliers, among other things by on site visits and obtaining social codes of conduct from certain suppliers or certification that they comply with the UN Declaration on Human Rights.

Follow-up and verification of compliance with the Group's business ethics rules are carried out within the scope of the internal audit in accordance with a risk-based audit plan which is regularly discussed with the Group Executive Committee and approved annually by the Audit Committee.

Personnel

During the year, the number of employees increased by 4,139, primarily due to the acquisition of IPSCO and, at the end of the year, there were 12,551 (8,412) employees.

Number of employees at year-end

| | 2007 | 2006 | Change % |
|-------------------------|--------|-------|----------|
| Strip Products Division | 3,803 | 4,148 | - 8 |
| Plate Division | 2,748 | 2,690 | + 2 |
| IPSCO Division | 4,260 | - | |
| Tibnor | 1,066 | 935 | + 14 |
| Other | 674 | 639 | + 5 |
| Total | 12,551 | 8,412 | + 49 |

2007 has been an extremely active year from a personnel perspective. During the year, a savings and skills replacement program has been carried out. The measures have been carried out based primarily on the voluntarily participation of those affected and the program has resulted in approximately 400 people leaving SSAB during the year. At the same time, new recruitment work has been undertaken and 80 positions refilled. The costs for the program were SEK 265 million. Excluding this program and excluding IPSCO, the rate of personnel turnover has remained low, namely 5.0 (4.5)%.

In order to support the business strategy, a joint Group personnel strategy has been produced to ensure the supply of skilled management and key expertise, the creation of a high-performing corporate culture, and to ensure that SSAB continues to be an attractive know-how company.

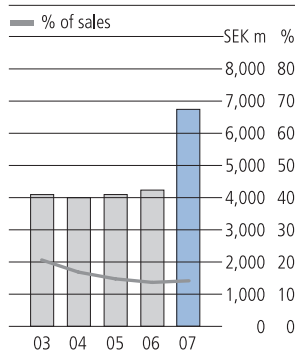
The Group's global managerial supply process has the task of ensuring that the management required for success with SSAB 2010 is identified, appointed, developed and evaluated. This work takes place regularly throughout the Group. Systematic generational shift planning work has begun with the aim of stimulating internal mobility.

The identification of key expertise and filling key positions are important factors for securing the supply of skills and continuity in the business operations. During the year, this work has intensified in connection with the launching of the generational and skills replacement program in the Swedish operations.

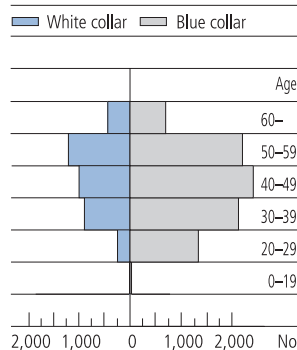
The Group's project activities are extensive and skilled project managers thus represent one of several key personnel areas. For this reason, several development activities have been carried out for both new and more experienced project managers.

Work has also commenced on strengthening the target-setting focus process to make all employees aware of the Group's targets at various levels in order to increase motivation, commitment and thereby performance. Within the IPSCO Division, there is a long-established and strong performance culture which, where appropriate, will be implemented in other operations.

Personnel expenses

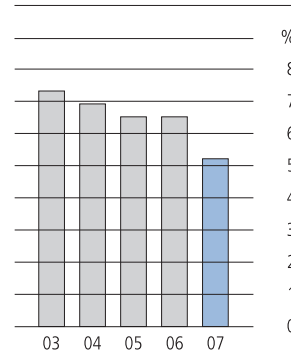


Age structure



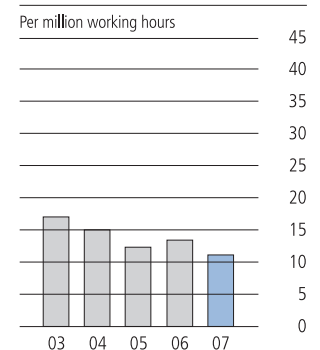
Absence due to sickness

Swedish steel operation



Number of accidents

Swedish steel operation



Health and safety are prerequisites for success in recruiting and maintaining employees and for continuing to be a successful company. Thus, a number of projects within this area were initiated during the year. These have contributed to a reduction in the number of accidents leading to absence and in a higher proportion of employees in good health been at work. For comparable units, i.e. excluding the IPSCO Division, the number of accidents resulting in leaves of absence fell to 11 (13) per million work hours. Sick leave in the Swedish part of the Group fell amounting to 5.6 (7.2)% for blue-collar workers and 2.6 (3.6)% for white collar staff. Sick leave broken down by gender and age group is shown in Note 19.

Equal opportunities are promoted within the Group,

as well as the desire for diversity in order to achieve maximum efficiency. The diversity enhancement work represents a continued important mission. In addition to producing customary equality of opportunity and diversity plans, this also constitutes an important factor in other processes.

All employees in Sweden participate in a profit-sharing scheme. Thanks to the strong results for the year, the profit-sharing ceiling was reached. Thus, a full-time employee will receive a profit share of SEK 24,150 (24,100) before tax. IPSCO's employees are still covered by a separate profit-sharing scheme.

In total, compensation paid to employees amounted to SEK 6,645 (4,223) million, equal to 14 (14)% of sales.



Compensation to senior executives

For 2008, the Board proposes that compensation to the President and other members of the Company's management shall comprise a fixed salary, possible variable compensation, other benefits, and pension. "Other members of the Company's management" means members of the Group Executive Committee, at present eight persons in addition to the President. The total compensation package shall be on market terms and competitive on the employment market on 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 ceiling 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). For senior executives outside Sweden, all or parts of the variable compensation may be included in the basis for pension computation due to legislation or competitive practice on the local market. For more detailed information regarding compensation, see Note 2.

Senior executives in Sweden must give six months' notice of termination of employment. In the event of termination by the Company, the total termination period and the period during which severance compensation is payable shall not exceed 24 months. Pension benefits are determined either as benefit-based or contribution-based, or a combination thereof, with individual retirement ages, however under no circumstances below the age of 60. Benefit-based pension benefits are conditional on the benefit being earned during a predetermined period of employment. If the employment terminates prior to retirement age, the executive receives a paid-up policy for earned pension. Termination period and severance compensation for senior executives outside Sweden may vary due to legislation or competitive practice on the local market.

The Board of Directors may deviate from the guidelines where special reasons exist in an individual case.

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 Group's control. These include, for example, political and economic conditions that affect the markets for steel.

The work of identifying and analyzing risks, as well as decisions on how and the extent to which, the risks are to be addressed constitutes a prioritized area in the Group.

RISKS AND UNCERTAINTY IN THE GROUP'S OPERATIONS
Steel production takes place in a chain involving different

processes in which disruptions in any part of the chain can rapidly have serious repercussions on the entire process. Accordingly, a disruption in the operations due, for example, to transportation obstacles and damage to assets resulting from, e.g. fire, explosions and other types of accidents can be costly. The risk that disruptions in one part of the process will have repercussions in 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. Both property insurance and business disruption insurance are held in order to minimize the costs resulting from this type of problem.

The possibility to attract and retain skilled personnel represents a key factor in being able to conduct the operations with good profitability in the long term. Thus, skills development and, not least, management training are prioritized areas. The niche strategy is contingent also on a continued strong process and product development, and thus skills development in these areas is of particular importance.

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

The acquisition of IPSCO has resulted in a significant increase in the net debt/equity ratio and thus SSAB's financial sensitivity has increased.

Since the investment in IPSCO has largely been financed through loans, interest rate changes will be of greater importance as regards SSAB's financial position and earnings.

With the acquisition of IPSCO, approximately one-half of the Group's operating profit will be derived from North America. Consequently, the Group's exposure in USD is more balanced than previously, since most of the raw materials are purchased in USD. Exposure vis-à-vis CAD has, on the other hand, increased.

In an international business such as SSAB's, there are also number of financial risks in the form of currency risks, financing risks, liquidity risks, interest rate risks and credit risks. The management of these risks is governed by the Group's finance policy which is described in greater detail in Note 27.

RISKS AND UNCERTAINTY IN THE STEEL INDUSTRY

The steel industry is strongly affected by the business cycle as regards steel and as regards the most important raw materials. The high proportion of fixed costs resulting from the large investments that characterize the steel industry also increases sensitivity to business cycle fluctuations. It is difficult to protect oneself against this, but a focus on niche products and long-term raw materials

agreements are examples of ways in which SSAB has chosen to minimize the cyclical nature of its earnings capability.

Competitors' development is something that cannot be influenced; however, the major acquisitions and mergers within the steel industry in recent times is a positive factor for a niche company such as SSAB. In other respects, it is only through a continued focus on developing niche products that SSAB will be able to maintain and, preferably, strengthen its position vis-à-vis its competitors.

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

EXTERNAL RISKS AND UNCERTAINTY

There are a large number of extraneous factors that impact on the entire steel industry and, thereby, 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 entitled "SSAB and the environment".)

Over the past few years, growth in China has acted as a strong motor for the global economy, not least for the steel industry. A reduction in Chinese demand for steel would have a major impact on the global steel market.

Events since the end of the year

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

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

Prospects for 2008

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

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

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

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

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

Sensitivity analysis

The table below shows the approximate effect in 2007 on profit after financial items, as well as on earnings per share, as a consequence of changes in significant factors.

Sensitivity analysis

| | Change % | Effect on profit, SEK millions | Effect on earnings per share, SEK |
|---------------------------|----------|--------------------------------|-----------------------------------|
| Prices – steel operations | 10 | 5,160 | 11.50 |
| Volume – steel operations | 10 | 1,590 | 3.55 |
| Iron ore prices | 10 | 335 | 0.75 |
| Coal and coke prices | 10 | 250 | 0.55 |
| Scrap metal prices | 10 | 710 | 1.60 |
| Interest rate | 1%-pts | 420 | 0.95 |
| Krona index | 5 | 315 | 0.70 |

SSAB and the environment

Active environmental work

The objective in SSAB's environmental work is to be at the forefront in the steel industry. This means producing products and using plants in a manner which allows for efficient husbanding of raw materials, energy and other natural resources. SSAB also has the objective of recycling as much as possible of the by-products from its production processes. SSAB disseminates information regarding the ways in which advanced high-strength steels can be used so that the customer's products become more environmentally friendly.

The lodestar is sustainable development for customers, for SSAB and for society in general. Our environmental work is carried out in a systematic, objective-focused and preventative manner in order to constantly reduce the impact on the environment. Knowledge, understanding and participation of all employees represent a key success factor.

Steel in society

Steel plays an important role in the global economy and is one of the cornerstones in the development of modern society. Over the past few years, global production has increased by approximately 100 million tonnes per year and now exceeds 1,300 million tonnes, with the largest increase having taken place in China. Steel is an excellent recyclable material since it can be recycled again and again without any deterioration in its qualities. Of global steel production, approximately 450 million tonnes is manufactured using recycled scrap. Thus, steel is the most recycled construction material in the world.

Apart from the environmental advantages of recycled steel, SSAB's niche strategy, with its advanced high-strength steels, contributes to a lower impact on the environment when these steels are used in various products. The possibility of light, high-strength constructions saves raw materials and, for vehicles and load carriers, also fuel. Higher abrasion resistance provides for increased product life, which also saves raw materials. Compared with ordinary steel, the high-strength steels generate lower carbon dioxide emissions from a life cycle perspective.

The Spanish semi-trailer with cement mixer manufactured by Baryval Serviplem, which was awarded this year's Swedish Steel Prize, is an example of an environmentally-friendly product. By being manufactured using thinner dimension high-strength steels, it has become two tonnes, or 20%, lighter. With the lower vehicle weight, it has been possible to increase the payload capacity to a corresponding extent.

Today, approximately 20% of all global carbon dioxide emissions come from various types of transportation. Assessments within the Swedish Steel Producers' Association's environmental research program indicate

that increased use of advanced high-strength steels in trucks for heavy transportation might decrease global carbon dioxide emissions within this sector by 5%, or 100 million tonnes, per year.

Production

The Group's steel production is based on iron ore (40%) and recycled scrap metal (60%). Prior to the acquisition of IPSCO, 20% scrap metal was used. This can be compared with approximately 35% for the global steel industry as a whole.

Steel production at SSAB takes place in blast furnaces and electric arc furnaces. In the Swedish operations, three blast furnaces are used in which iron ore is reduced to hot metal through the use of coal and coke. Before the hot metal becomes steel, its carbon content is reduced through the use of oxygen and a number of contaminants are reduced through the use of lime. This takes place in an oxygen converter and generates a heat surplus which is cooled down by adding scrap metal. This scrap metal mainly comes from the Company's own plants. In the North American operations, the scrap metal is smelted in four electric arc furnaces through the use of electrical power. This process uses scrap metal as the sole iron raw material, with most of the scrap metal being purchased on the market, among other things through IPSCO's own scrap metal collection companies.

The liquid steel is refined and processed into alloys in various finishing stages, before being cast in the continuous casting machinery. The slabs that are manufactured in the continuous casting machinery are further processed in rolling mills into different types of steel.

Apart from steel, the processes give rise to large quantities of heat, gas, slag and particulates, which to a large extent are utilized.

80–90% of the blast furnaces' coke requirements are met by SSAB's coke plants. During the coking process, valuable by-products are produced in the form of coke furnace gas, tar, ammonium sulphate, benzene, sulphur and sulphuric acid. The coke furnace gas is used as a source of energy in various heating ovens and in heat and power plants. In these cases, the gas replaces oil. Other by-products are sold on the market.

Various types of energy are used in SSAB's various heating furnaces for steel and slabs. Natural gas is used in North America, while in the Swedish operations LPG, oil and electrical power are used.

The energy-rich gases that are not consumed in the steel production are used in heat and power plants, among other things to supply electrical power to the Strip Products Division's entire plant in Luleå and one-half of the Plate Division's plant in Oxelösund. In addition, deliveries of district heating take place to approximately 70% of the population in the urban areas of Oxelösund and Luleå, and approximately 15% of the population in the greater Borlänge area.

EMISSIONS INTO THE AIR

The Group's steel production generates emissions into the air, primarily of carbon dioxide, but also sulphur dioxides, nitrogen oxides and particulates. All new plants are constructed according to BAT (Best Available Techniques), with the aim of reducing emissions.

Carbon dioxide is emitted due to, among other things, the use of coal, coke, oil, natural gas and LPG in the various processes. SSAB is dependent on the manufacture of pure steel for its core niche products. Purification takes place by reducing iron ore with coal in the blast furnaces and, during the process, carbon dioxide is formed. SSAB's blast furnaces are efficient. International comparisons demonstrate that SSAB's blast furnaces and steel production are at the forefront in terms of low emissions of carbon dioxide per tonne of hot metal. There are several reasons for this: high quality raw materials in the form of iron ore pellets, high-quality coke and efficient processes. It is also important that the blast furnaces are able to produce without interruption. Thus, in 2007 a granulation plant for hot metal was brought into operation in Oxelösund, as a consequence of which the blast furnaces can continue to produce even if subsequent stages are standing idle.

Within the framework of the Kyoto Protocol, the EU Member States have jointly undertaken to reduce carbon dioxide emissions by 8% during the period 1990–2012. As a method for restricting emissions, an emission rights trading system has been introduced. The Group's operations in Borlänge, Luleå and Oxelösund are covered by the system. The allocation of emission rights has been divided into trading periods. The first trading period covered the years 2005–2007, and thereafter five-year periods apply. The emission rights allocated to the Group for the first period have been sufficient. Allocation applications have been submitted with respect to the second trading period, which is somewhat more extensive than the first in so far as it also includes the rolling mills' preheat furnaces. The Swedish Environmental Protection Agency has, however, postponed decisions regarding the allocation of emission rights to all companies covered by emission

rights trading in 2008–2012. The reason for this is that the EU Commission has not yet taken a final decision on the revised allocation principles as regards Sweden. However, permits for the emission of carbon dioxide have been received for all three localities. The Group's operations in North America are not covered by the trading system. In Canada, a mandatory program is being developed for the reduction of emissions from the 2006 level, but the final structure of the program has not yet been determined.

The Group's emissions of **nitrogen oxides and sulphur dioxides** derive from various types of combustion. The major sources are under-firing of the coke batteries, firing of the heating apparatus for the blast furnaces and preheating of slabs prior to rolling. In Sweden, the fuel consists of blast furnace gas, coke furnace gas, LPG, and oil, and in North America of natural gas. Through continuous work on adjusting the burners, it has been possible to reduce emissions of nitrogen oxides. Within the Plate and Strip Products Divisions, work is taking place to further reduce nitrogen oxide emissions in, among other areas, transportation. Low sulphur content coal and oil are chosen to minimize sulphur dioxide emissions.

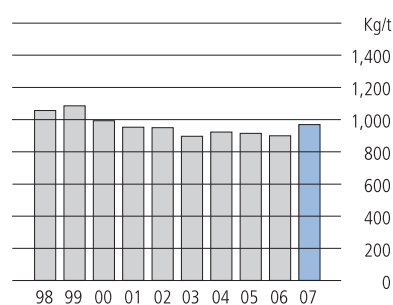
All new plants meet the most stringent requirements as regards **particulate emissions** from the operations. As regards older plants, continuous improvement work is taking place to reduce particulate emissions. Particulate emissions are measured regularly in many places.

EMISSIONS TO WATER

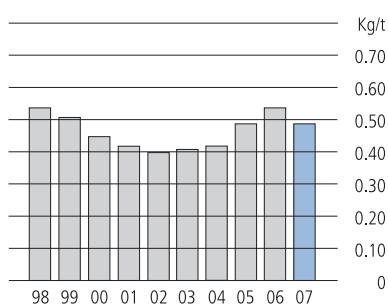
Large quantities of water are used for cooling furnaces, coke and steel. A large part of the use takes place in closed systems and the water is purified through sedimentation and filters before leaving the industrial area. SSAB conducts extensive controls of water quality to ensure compliance with all requirements imposed by governmental authorities.

Trends during the past decade as regards carbon dioxide, nitrogen oxides and particulates for the SSAB's Swedish operations, are shown below. The material and energy balance is shown on next page.

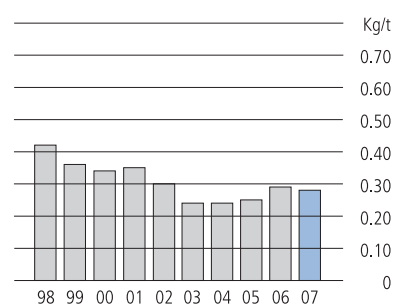
Carbon dioxide



Nitrogen oxide



Particles



MEASURES FOR REDUCING THE USE OF RESOURCES

In order to reduce the use of so-called virgin raw materials, e.g. iron ore and coal, as well as energy, the Group's goal is to have as high a degree of recycling as possible. First and foremost this involves returning by-products and energy by-products to the processes in which they are created. In other cases, new production stages are introduced for the manufacture of products from these materials for the external market.

Iron ore requirements are minimized by using scrap metal and by recycling slag. Approximately one-half of all converter slag is returned to the blast furnaces, thereby reducing lime requirements. The slag contains 15–20% iron.

Coal and coke requirements are reduced in several ways. One example is that particulates containing coal from the blast furnaces' gas purification plants are returned to the blast furnaces. The electric arc furnace in Mobile, Alabama represents another example. A certain quantity of coal is used for the electric arc furnaces. Since 2004, 2.2 million worn-out tires have replaced a corresponding quantity of coal. The Company has donated the cost savings from this to local schools.

The minimization of **oil and electricity requirements** takes place through the recycling of process gases as described above. This reduces not only requirements internally within SSAB, but also for society as a whole through the production of district heating.

By-products

SSAB's production processes also create by-products which are then sold for various purposes. Thanks to the very exact control of the steel production process, by-products are very well defined and quality-adapted. In Sweden, SSAB Merox specializes in developing high-quality products based on by-products from the steel operations. Mention may be made of the following: Hyttsten, which is used for road construction purposes; the cement and concrete materials, Merit 5000 and Merolit; Paddex, for riding tracks; as well as M-kalk, an organic plant fertilizer. Another example is black iron, which is sold for the manu-

facture of ferrite magnets. In North America, the largest by-products are steel slag and oxide scale. These are used, among other things, in asphalt and cement production.

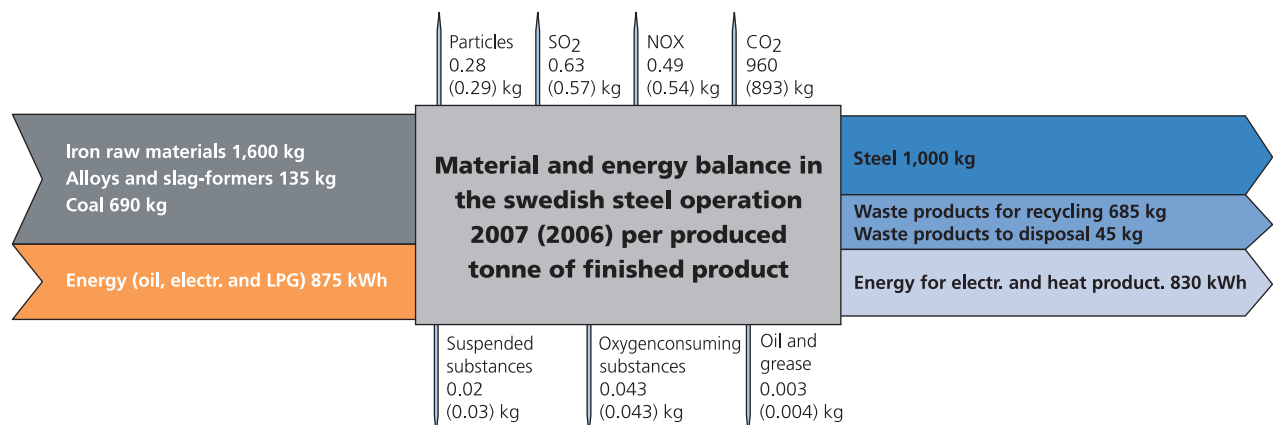
Waste

The steel process also gives rise to waste. "Waste" means material for which, at present, there is no suitable area of use from an environmental and economic perspective, as well as material which, for environmental reasons, is removed from the use cycle. Waste is handled either by destruction or depositing. The Company's deposits are strictly regulated by governmental authorities as regards management and monitoring. The waste is handled in order to make it possible to utilize these resources in the future as well.

Transportation

Transports takes place primarily by railway and by ship, but also by truck. All divisions have their own logistics departments with the objective of making transportation both efficient and economic.

In Sweden, SSAB is one of the country's largest purchasers of goods transportation services. The raw materials for steel production are transported to Luleå and Oxelösund by train or boat. Transports of slabs between the production plants take place by rail. The return journeys are utilized for transporting strip products to the export port in Oxelösund and for transportation from Borlänge to Plannja and other customers in the north. Goods to and from SSAB constitute the largest single railway tonnage in Sweden. Traffic in the railway system in Sweden is heavy and the sector is sometimes congested. One way of enhancing infrastructure capacity is to increase the payload of the railway cars. SSAB has been involved in several projects in which the payload has been increased significantly, among other things through a reduction in the weight of the railway cars. The pellet trains between LKAB in Kiruna and SSAB in Luleå, which are constructed of high-strength steel, are one example. The payload has been increased by 25%, from 80 to 100 tons.



| Thousand tonnes | Locality | Permitted production | Production 2007 |
|-------------------------|------------------------------------|----------------------|-----------------|
| Coke | Luleå | 800 | 752 |
| | Oxelösund | 530 | 441 |
| Hot metal | Luleå | 2,300 | 2,293 |
| | Oxelösund | 2,000 | 1,523 |
| Crude steel | Luleå | 2,500 | 2,304 |
| | Oxelösund | 1,900 | 1,490 |
| Hot-rolled sheet | Borlänge | 3,200 | 2,653 |
| | Oxelösund | 820 | 577 |
| Pickled sheet | Borlänge | 2,500 | 1,772 |
| Cold-rolled sheet | Borlänge | 1,400 | 1,122 |
| Annealed sheet | Borlänge | 650 | 512 |
| Metal-coated sheet | Borlänge | 680 | 525 |
| Organic-coated products | Borlänge | 140 | 125 |
| | Luleå | 85 | 75 |
| | Köping | 30 | 16 |
| | Malmö | 10 | 8 |
| | Finspång (million m ²) | 40 | 31 |

Both the Strip Products Division and the Plate Division have been awarded Green Cargo's Good Environmental Choice Certificate (Bra Miljöval), in recognition of the fact that they meet the criteria established by the Swedish Society for Nature Preservation as regards Good Environmental Choice for transportation. Activities are also underway to reduce emissions of particulates and nitrogen oxides from the transports.

Since the early 90s, the IPSCO Division has tripled its production capacity by constructing two new electrical steel plants in Montpelier and Mobile. The location of these plants was chosen taking into consideration the potential market and access to the scrap metal raw material. This strategy minimizes the environmental impact of the transportation. All plants have access to railways. In North America, the inland waterway system is also used.

Environmental conditions for the operations

To a large degree, Sweden's environmental legislation has been influenced by decisions taken by the EU Parliament and the Council of Ministers. Operations at the larger plants in the steel operations are tested and subject to conditions imposed by the Environment Court following a public examination.

In the United States, environmental legislation is controlled by the federal government which, in turn, is controlled by USEPA (United States Environmental Protection Agency). In Canada, the provincial governments play the main role in environmental legislation, while the federal government has a more limited role.

The activities in the steel operations are subject to several hundred environmental conditions. Apart from production levels, these conditions govern emissions into the air and water, noise levels, regulations regarding deposits, etc. All of the divisions' production units comply with relevant local environmental requirements.

In Sweden, production permits are based mainly on

the maximum permitted produced tonnage per year, while in North America permits are based on productivity restrictions in the form of the maximum produced tonnage per hour.

The maximum permitted production levels for the Swedish operations are shown in the adjacent table.

The Group possesses mandatory environmental damage insurance as well as liability insurance covering damage to third parties.

Day to day environmental work

The head of each division and subsidiary is responsible for the impact of the Group's operations on the external environment.

Within divisions and subsidiaries there are special environmental departments which are responsible for ensuring compliance with laws and contracts, administering permit applications and measuring and reporting emissions. The Group has a common body – the Environmental Council – which coordinates environmental work, as well as an environmental manager for SSAB in Sweden and an environmental manager for SSAB in North America. All divisions/subsidiaries have ISO 14001 certified environmental management systems, with the exception of the North American plants at Koppel and Wilder, which were acquired by IPSCO in December 2006. The work on ISO 14001 certification at these works has commenced and will continue during 2008.

Environmental management systems are an integral part of the divisions'/subsidiaries' operational systems. In this way, the external environment, product quality and work environment are coordinated in common work descriptions, rules regarding conditions to be imposed in conjunction with purchasing, and development of production technology.

Systematic work is taking place to reduce the impact on the environment. Each locality with production facilities has identified its most important environmental aspects. The most important aspects are the impact on climate through emissions into the air. Other environmental aspects include emissions into water and consumption of raw materials and energy. In order to achieve improvements, focused activities take place within these areas.

The immediate environment is checked at each production plant by, e.g. taking water, air and noise samples in accordance with established control programs, with the results being reported to the relevant supervisory authority.

The provision of information to, and dialogue with, different groups in the community are an important aspect of the Group's external communications. The environmental reports submitted by the divisions/subsidiaries to the relevant supervisory authorities convey a broad and in-depth picture of the environmental situation in each locality. The environmental reports can be ordered from

the environmental departments in each locality. Information regarding the environment is also available on the Group's and divisions'/subsidiaries' websites.

Group representatives often participate in meetings with different interest groups in order to discuss environmental issues. Such interest groups include ministries and governmental authorities, representatives of political parties, the EU Commission, environmental organizations and environmental journalists. Customers also have increasing demands for information regarding the environmental qualities of the products. Thus, environmental declarations are affixed to many of the Group's products.

Research and Development

Within the environmental area, the Group engages in extensive know-how development. This takes place to a certain extent through development work conducted within the Group and in environmental research projects together with other steel producers. In recent years this has taken place, among other things, within the scope of Nordic joint research or within research projects financed by the EU. In the United States, research projects are carried out in cooperation programs with the US Department of Energy. The institutions, Mefos, KIMAB and IVL Swedish Environmental Research Institute, the PRISMA skills centre, and the industry organizations, Jernkontoret (the Swedish Steel Producers' Association), Eurofer, AISI and IISI, are important bodies within the area of environmental research, as are universities and colleges and governmental authorities. SSAB is involved in different ways in all of these forums within the environmental area.

The carbon dioxide issue is one of the most important activities for SSAB. The Group participates in developments in this area in several different ways, in part through industry organizations in order to be able to influence how a reduction might take place globally without prejudicing the competitiveness of the steel industry, and in part through pure research projects aimed at long-term reductions in carbon dioxide emissions. Since the middle of the 1970s, carbon dioxide emissions per tonne of produced steel have been halved in Europe and the five-year ULCOS EU project has been underway since 2004, aimed at further halving carbon dioxide emissions in conjunction with steel production. SSAB participates with both personnel and as a co-sponsor.

The Group is also participating in the Stålkretsloppet (steel cycle) program jointly financed by the Swedish steel industry and Mistra (the Foundation for Strategic Environmental Research), which is a four-year environmental research program being carried out between 2005 and 2008. The aim is "to develop safe, resource-efficient and recyclable products which meet the increased needs of society." SSAB is particularly active in two sub-projects. One is aimed at exploiting vanadium from slag, while at

the same time obtaining reusable slag. The other involves further development of high-strength steels in an energy-efficient manner.

Environmental effects during 2007 and going forward

In Borlänge, all employees have undergone energy training in which the importance of energy savings has been clarified. A target has been established for a 10% reduction in the total specific energy use of oil, LPG and electricity by the end of 2011.

In Borlänge, a decision has also been taken to reduce emissions of nitrogen oxides from the reheating furnaces by 50% by the end of 2010. All personnel, employed by Green Cargo, who are involved in the internal change at Borlänge, have undergone training in "eco-driving" of engines during 2007. The next stage is for the diesel engines to be overhauled with a change of motor, to a so-called environmental diesel motor, and to install flow gauges leading to reduced emissions. For this reason, two motors on engines in Oxelösund will be replaced during 2008.

Both in Luleå and Oxelösund, work has taken place on intermediate coverage of deposits to meet the new requirements which will enter into force in Sweden in 2009.

In Oxelösund, the environmental work has otherwise been characterized by the permit application filed during the year. New conditions for the operations were granted in November. The judgment allowed for an increase in the production of hot metal, from 1,700 tonnes to 2,000 tonnes per year, which corresponds to 1,900 tonnes of slabs. The judgment also includes a number of provisional regulations and requirements regarding test period reporting.

In Luleå, an application was submitted in December for a fixed-period permit to increase crude steel production from 2,300 thousand tonnes to 2,530 thousand tonnes for 2008 and 2009. This also entails a marginal increase in the permit for crude steel production. In Luleå, work has also continued on rectifying problems regarding sources of noise.

Since 2003, Regina in Canada has had an automated scrap metal sorting plant which allows mercury circuit breakers to be handled separately. In this way, 160,000 circuit breakers have been handled and 180 kg of mercury removed from the system, leading to a reduction in the mercury concentration in exhaust gases from the electrical arc furnace.

As described above, at the plant in Mobile, USA, the use of worn tires to replace a certain quantity of coal for the electric arc furnace has become established technology.

Strip Products Division

Share of the group's



sales 24%



operating profit 30%



number of employees, year-end 30%

Göran Carlsson, Executive Vice President Strip Products Division

| SEK millions | 2007 | 2006 |
|--|---------------|--------|
| Sales | 16,918 | 15,316 |
| Operating profit | 3,472 | 2,799 |
| Operational cash flow ¹⁾ | 2,541 | 2,803 |
| Capital expenditures | 655 | 586 |
| Capital employed at year-end | 9,084 | 8,549 |
| Return on capital employed (%) ²⁾ | 44 | 34 |
| Average number of employees ³⁾ | 3,827 | 4,056 |

¹⁾ New definition used for 2007 and 2006.²⁾ Refers to return on average capital employed.³⁾ New definition used for 2007 and 2006.

Definitions, see Note 29.



The Strip Products Division is the largest manufacturer of strip steel in the Nordic region and one of the leading companies in Europe within the area of high-strength sheet steel. Production capacity currently amounts to almost 3 million tonnes per year.

The product range includes strip in thicknesses ranging from 0.1 mm to 16 mm with a maximum width of 1,600 mm. The products are marketed under the Domex, Docol, Dogal, Dobel and Prelaq trademarks.

The Strip Products Division's strategy is based on growth within the area of advanced high-strength sheet steels and on becoming the leading company in Europe in that area, while at the same time maintaining a leading position for the entire strip product range on the domestic market in Scandinavia.

Advanced high-strength sheet steels can be exploited in many products to reduce weight, increase strength and extend product life. Hot-rolled advanced high-strength sheet steel is used, among other things, in the automotive industry, primarily in heavy vehicles, and for containers. Cold-rolled advanced high-strength sheet steel is used primarily for safety components in the automotive industry. Galvanized extra and ultra high-strength sheet steels are used in applications that require a high level of anti-corrosion protection. The main competitors within advanced high-strength sheet steel are Thyssen Krupp and Arcelor Mittal.

Ordinary strip steel is used primarily within the engineering, construction, and automotive industries. Competitors within these sectors consist of most Western European steel companies.

Production takes place in two localities. An ore-based metallurgy comprising coking plants, blast furnaces, and steel mills for the production of slabs is located in Luleå, while rolling mills as well as coating and after-treatment lines are situated in Borlänge.

The metallurgy capacity in Luleå is insufficient to supply all strip steel manufacturing needs. The remaining

slabs required are, therefore, purchased from the Plate Division.

Further processing through organic coating is also carried out in Finspång and through cutting to size at subsidiaries in Italy, Denmark, Sweden, Great Britain and Holland.

The market

Strip steel is the largest product group within the commercial steels sector and accounts for approximately one half of the European market for commercial steels. The price structure for strip steel is relatively uniform on the larger markets in Europe.

Demand for strip sheet in Europe was strong during most of the year, and consequently prices could be increased during the first half of the year. During the fourth quarter, the market situation was more uncertain due to an increased inflow of Asian material onto the European market, as well as increased inventory levels at European wholesalers and Steel Service Centers. This had a negative impact on the inflow of orders during the autumn. Towards the end of the year, European imports of steel from Asia declined, at the same time as inventory levels normalized.

Underlying demand is believed to be still strong. During the year, it was possible to carry out gradual price increases, with the result that the average price increased by approximately 12%.

Deliveries of advanced high-strength steels during the year amounted to 817 (699) thousand tonnes, an increase of 17%. The increase took place as regards both new and existing customers on, largely speaking, all markets. The largest growth was within the Lifting Equipment, Engineering and Heavy Transportation sector in the United States and Asia.

Total deliveries declined to 2,451 (2,474) thousand tonnes, primarily due to a problem in maintaining a stable production level at the plants.

Strip Products Division



Exports accounted for a reduced share of sales 63 (65)%. The shares of the deliveries to the largest markets are shown in the table below:

| Share of deliveries (%) | 2007 | 2006 | 2005 |
|-------------------------|------|------|------|
| Sweden | 37 | 35 | 34 |
| Italy | 10 | 11 | 11 |
| Germany | 8 | 9 | 9 |
| Denmark | 7 | 7 | 6 |
| Great Britain | 4 | 5 | 4 |
| Norway | 4 | 4 | 4 |
| Finland | 4 | 4 | 4 |
| France | 3 | 3 | 3 |
| Spain | 3 | 3 | 3 |
| Netherlands | 3 | 3 | 3 |
| USA | 3 | 3 | 5 |
| China | 3 | 3 | 2 |
| Others | 11 | 10 | 12 |
| Total | 100 | 100 | 100 |

Production

Production in the hot rolling strip mill during the year was affected by a number of minor disruptions. However, the situation improved during the final months of the year and, in total, production amounted to 2,653 (2,660) thousand tonnes. Slag production increased slightly to 2,128 (2,019) thousand tonnes.

| Production, kt | 2007 | 2006 | Change % |
|----------------|-------|-------|----------|
| Coke | 752 | 741 | 1 |
| Slabs | 2,128 | 2,019 | + 5 |
| Sheet | 2,653 | 2,660 | 0 |

Profit

Operating profit increased by SEK 673 million to SEK 3,472 (2,799) million. The increase in profit is due to strong margins as price increases exceeded cost increases. The profit includes a positive effect of SEK 69 million in

insurance compensation regarding the explosion at the oxygen plant in Oxelösund.

Capital expenditures

During the year, decisions were taken on new overhead cranes in Luleå for SEK 180 million and new wrapping and packing lines in Borlänge and Finspång for SEK 135 million. Thanks to the new overhead cranes in Luleå, it will be possible to increase the charge weight to 130 tonnes which, among other things, will lead to increased production capacity. The new wrapping and packing lines will provide increased flexibility, improved on-time deliveries and a more cost-efficient wrapping and packing, while at the same time minimizing the risks for personnel.

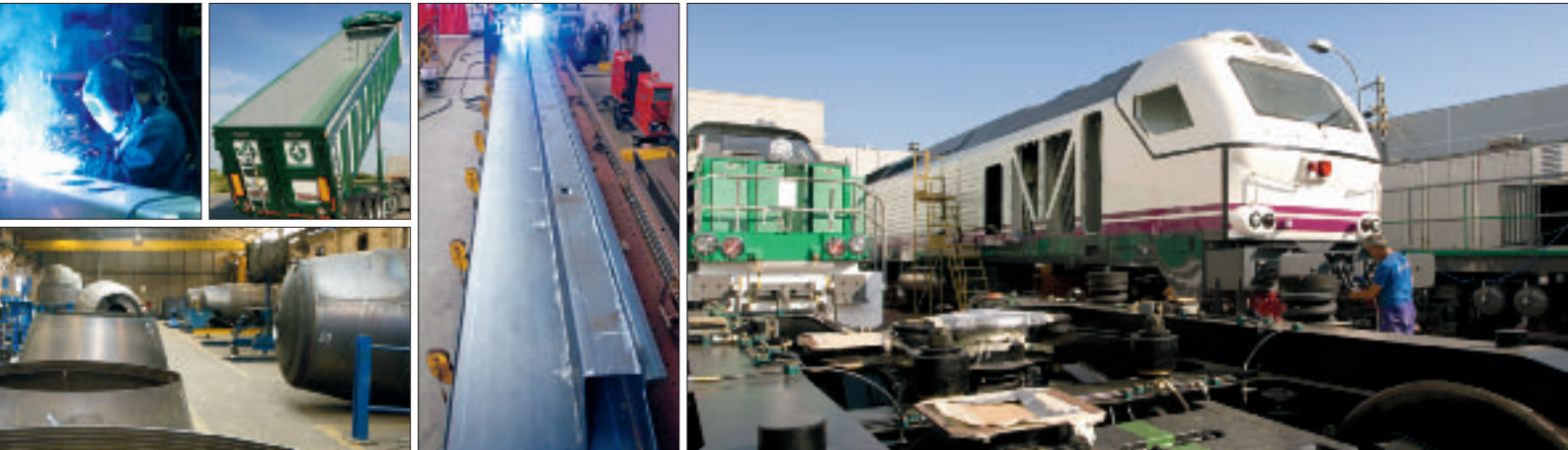
Product and process development

Product and process development during the year has, among other things, focused on the hot rolled products; this development will make it possible during 2008 to offer customers products with higher strengths and a broader dimension program.

In order to further strengthen coordination and co-operation in the development of products and processes, a new position with responsibility for the product development process has been established in the division's management.

A number of investments have been carried out in the production chain to improve the qualities and characteristics of the products. A new highly automated materials handling system for coils was placed into operation during the year. In 2008, a new coiler will be brought into operation which will result in an expansion of the product range for hot rolled products.

The product and process development work for hot-rolled steel is focused on producing ultra high-strength steels for use within the heavy transportation, lifting equipment and load handling sector. Domex 900 and



Domex 960 are being introduced onto the market and the development is focusing on even higher strengths, such as Domex 1200, as well as supplementary niche products.

During the year, two new groups of cold rolled advanced high-strength steels, Docol Hard and Docol Roll, were introduced onto the market. Development of the cold rolled products continues to focus on the advanced high-strength steels, involving primarily improvements in material qualities and, to a certain extent, also a reduction in costs on an already extremely competitive product range.

Development is continuing at a high pace as regards metal coated products with ultra high-strength, so-called martensitic steels, intended for safety components in passenger cars. This work has resulted in Docol 1200MZE, a product which is unique on the European market.

The development of hot dip galvanized steel during 2007 has involved a continuous adaptation of the high-strength steels for special areas of use and specific customer demands. For the Nordic market, adaptation is taking place to prevailing standards and standardization with the cold rolled range. This is taking place in order to clarify and simplify the product range and thereby strengthen our position on the domestic market.

Within the Construction Business Area, development work on so-called functional spaces has resulted in the verification and introduction on the market in 2008 of a number of new products with energy saving and dirt-repellant qualities. The product, Prelaq Energy, which allows for significant energy savings both for heating and air conditioning, has been verified in a test building in Borlänge. Prelaq Energy possesses qualities which can benefit most types of buildings. Within the Prelaq family of products, organic coated steels are being launched with dirt-repellant surfaces which are cleaned with the help of rainwater.

Advanced high-strength sheet are used in applications in which high-strength is sought in combination with low weight. The high-strength steels are used, among other things, within the automotive industry, for heavy vehicles, by crane manufacturers and for load-bearing parts in containers. The product range includes both hot and cold rolled sheet as well as metal-coated and organic-coated sheet. Just over 30% of the sheet is advanced high-strength.

Major focus has been placed on increasing technical support so that advanced know-how and resources concerning materials selection, design, forming and jointing can be better conveyed to customers throughout the world.

The Swedish Steel Prize was awarded for the ninth year running, this time for a semitrailer manufactured by the Spanish company, Baryval Serviplems. By using advanced high-strength steel, the company has developed a cement mixer drum which is almost two tonnes lighter than its predecessor. The weight saving has been achieved thanks to thinner material dimensions and a new, improved design solution which was rendered possible by the choice of material. With a lower vehicle weight, the payload could be increased to a corresponding degree, i.e. by two tonnes or almost 20%, which has a positive impact on the environment.

Plate Division

K-G Ramström, Executive Vice President Plate Division

Share of the group's



sales 16%



operating profit 23%



number of employees, year-end 22%



| SEK millions | 2007 | 2006 |
|--|---------------|-------|
| Sales | 11,295 | 9,941 |
| Operating profit | 2,676 | 2,230 |
| Operational cash flow ¹⁾ | 2,210 | 2,147 |
| Capital expenditures | 1,146 | 729 |
| Capital employed at year-end | 7,195 | 6,179 |
| Return on capital employed (%) ²⁾ | 41 | 40 |
| Average number of employees ³⁾ | 2,556 | 2,455 |

¹⁾ New definition used for 2007 and 2006²⁾ Refers to return on average capital employed.³⁾ New definition used for 2007 and 2006.

Definitions, see Note 29.



The Plate Division is the world's leading manufacturer of quenched steels, i.e. plate with extra high strength and good weldability in combination with high abrasion-resistance and good formability. These qualities provide the users with the possibility to design and manufacture light, strong products with good total economy. The main products within quenched steels are abrasion-resistant steels, HARDOX, and construction steels, WELDOX.

The HARDOX products are used in applications in which there are stringent requirements as regards hardness, high strength, and toughness, in combination with good welding and bending characteristics. Important areas of use include construction machinery and mining equipment.

The most prominent characteristics of the WELDOX products are good weldability and formability in combination with high strength, as well as flatness and fine surfaces. Construction steel is used, among other things, in the manufacture of cranes, bridges, and offshore equipment.

Competitors within the quenched steels sector are primarily Thyssen Krupp and Dillingen in Europe, as well as Arcelor Mittal and Algoma in North America.

Manufacturing in Oxelösund is carried out in an integrated process from iron ore to finished plate in thicknesses of 3–155 mm and widths of up to 3,500 mm. Thanks to the production equipment, it is possible to deliver plate with characteristics that are tailor-made for the needs of different customers.

The market

Infrastructure investments regarding, among other things, town planning as well as mineral, oil and gas exploration are continuing to take place at very high levels in large

parts of the world. This is driving demand for plate and, especially, demand for quenched plate. At present, all of the Plate Division's markets are undersupplied and, for a number of customers and market segments, the rate of growth is determined by the availability of quenched steels. In recent years, supplies have been focused on loyal, long-term customers.

The Division enjoys a very strong market position, primarily within the abrasion-resistant steels, HARDOX, and the higher high-strength levels of WELDOX. Many of our customers accept nothing short of HARDOX and WELDOX products in their machinery. This success is due to fine flat surfaces, uniform quality and a sales organization which acts as a skilled partner vis-à-vis our customers in all stages of the life of the steel.

Over the past decade, market and distribution capacity have been gradually expanded through, among other things, the establishment of more than 30 sales companies throughout the world. During the year, companies were started up in Taiwan, Ukraine and Kazakhstan. Infrastructure investments during the year have continued at a high level. Demand for quenched steels was thus strong throughout the year and it was possible to gradually increase prices. Deliveries continued to be restricted by available production capacity. However, thanks to various measures it was possible to increase capacity gradually and thus deliveries for the year as a whole increased by 9 percent to 557 (510) thousand tonnes. The increase has taken place primarily to existing customers in Europe.

Due to the gradual transition to quenched steels, deliveries of ordinary plate declined and, by the end of the year, had largely ceased. Prices for ordinary plate increased at the beginning of the year but leveled out during the fourth quarter. The entire volume was sold in Northern Europe. In the future, any production of ordinary plate will be sold on the spot market.

Exports accounted for 90% of sales. The largest markets are shown in the following table:



| Share of deliveries (%) | 2007 | 2006 | 2005 |
|-------------------------|------|------|------|
| Germany | 20 | 20 | 20 |
| Sweden | 10 | 10 | 10 |
| Denmark | 6 | 6 | 10 |
| Italy | 6 | 6 | 5 |
| Great Britain | 4 | 4 | 4 |
| Finland | 2 | 3 | 3 |
| Other EU countries | 24 | 20 | 18 |
| USA | 8 | 8 | 7 |
| Canada | 4 | 4 | 4 |
| South Africa | 3 | 3 | 3 |
| Asia | 9 | 9 | 6 |
| Others | 4 | 7 | 10 |
| Total | 100 | 100 | 100 |

Production

As a consequence of an ever-increasing proportion of thin rolled plate, together with a number of minor disruptions, plate production in the four-high rolling mill during the year amounted to 577 (586) thousand tonnes.

Production of slabs increased by 7% to 1,490 (1,394) thousand tonnes. The improvement was in part due to the fact that production in 2006 was hit by the explosion at AGA's oxygen plant, and due also to the fact that the summer stoppage was shorter in 2007 than in the previous year.

Just over 40% of produced slab volumes were delivered to the Strip Products Division. In addition, 30,000 tonnes were purchased from other steel companies as a consequence of the explosion at the oxygen plant. The remaining volumes were processed into plate.

| Production, kt | 2007 | 2006 | Change in % |
|----------------|-------|-------|-------------|
| Coke | 442 | 441 | + 0 |
| Slabs | 1,490 | 1,394 | + 7 |
| Plate | 577 | 586 | - 2 |

Quenched steels, i.e. the abrasion-resistant HARDOX steels and WELDOX construction steels, are used in applications in which extreme high-strength is required in combination with good weldability or high abrasion resistance. The quenched steels are sold throughout the world and used, among other things, in construction machinery, mining equipment and mobile cranes. Quenched steels account for just over 90% of deliveries.

Profit

Operating profit increased by SEK 446 million to SEK 2,676 (2,230) million.

The increase in profit was largely due to increased volumes of quenched steels together with price increases.

Capital expenditures

For several years, investments have been carried out to facilitate continued growth within quenched steels. In addition to investments in quenching lines, resources have also been invested within marketing and distribution.

The year saw the completion of an SEK 500 million investment program which had begun in 2004. These investments have gradually increased production capacity by 20% to 600 thousand tonnes. In 2006, decisions were taken on further capacity and quality enhancement measures for SEK 1,000 million. The investments are intended to increase capacity at the steel mill to cope with the continuous operation of the blast furnaces and to increase capacity in the steel mill for the production of advanced slabs for quenched steels. In addition, a line for the quenching of thick plate is under construction. Implementation will continue until the summer of 2008 and will allow for a gradual increase in volume and upgrading of the quenched steels product range by a further 17%, to 700 thousand tonnes.

Plate Division



In China, a distribution center with cutting to size capacity was inaugurated. This, together with a significant expansion of the sales organization, constitutes an important step in establishment on the expanding Chinese market.

Development

With the decision to discontinue the ordinary steels included in the product range, resources will be fully concentrated on product development towards quenched steels. Quenched steels attract users thanks to several advantages, e.g. the ability to build lighter and stronger designs, or to extend the life of produced components that are subject to wear and tear. Together with lower production and down time costs, increased payload and lower fuel costs for mobile applications, quenched steels provide benefits both for our customers and, in turn, their customers.

In order to meet the increasing demand for lightweight steel structures, development and investments are taking place in improved methods for steel production and rolling, quenching and annealing. The focus on thin and wide plate is continuing. In addition, a new quenching line for thick plate will be built during the year, increasing the possibilities for further expansion.

Investments within ladle metallurgy provide possibilities to increase the volumes of the most advanced types of steel, and also provide the possibility to manufacture an even purer steel. The qualities of existing products can thereby be improved and new products can be developed.

The development of quenched steels takes place in close cooperation with our customers. New, improved steels are often tested in especially demanding applications at selected customers. The development work involves applications engineers and experts within both development and production.

In order to further increase knowledge about the cost-effective solutions that can be achieved, the Conceptual Wear and Tear Technology groups assist our customers with, for example, design and product life calculations.

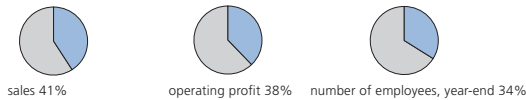
The HARDOX abrasion-resistant steels are regularly upgraded and the product range is being expanded with new, improved products. In recent years, several new products have been introduced that are especially intended for a given area of application, e.g. HARDOX 550 for applications within the recycling and mining industries and HARDOX HiTuf for thick buckets and demolition tools. The most abrasion-resistant variant thus far in the product range, HARDOX Extreme, with a hardness of up to 700 Brinell, is currently undergoing evaluation at some twenty customers around the world, and our aim is to make it a standard product in the range during the latter part of 2008.

The WELDOX construction steels are also being constantly developed. WELDOX 1300 is the world's most high-strength construction steel and renders possible the construction of extremely advanced designs. Similarly to WELDOX 1100, the product will be used for mobile and truck cranes.

The pre-hardened tool steel, TOOLOX, has been developed in two varieties of hardness, TOOLOX 44 and TOOLOX 33. As distinct from conventional tool steels, TOOLOX requires no additional heat treatment after the tool is produced and the customer thereby saves time and money.

IPSCO Division

Share of the group's



John Tulloch, Executive Vice President IPSCO Division

| SEK millions | Since SSAB's acquisition (July 18) |
|--|------------------------------------|
| Sales | 13,317 |
| Operating profit ¹⁾ | 1,970 |
| Operational cash flow | 2,674 |
| Capital expenditures | 811 |
| Capital employed at year-end | 31,837 |
| Return on capital employed (%) ²⁾ | 8(20) |
| Average number of employees | 1,937 |



¹⁾ Operating profit has not been affected by the non-recurring costs on the surplus value in inventory, but has otherwise been affected by a write-off of the provisional surplus values.
²⁾ Return on capital employed has been calculated by converting the outcome for the period of the holding, 5.5 months, to an annual figure and comparing this with capital employed in July-December. The return on capital employed excluding surplus values from the acquisition is shown in brackets.
 Definitions, see Note 29.

The IPSCO Division is a leading supplier of plate and energy tubulars on the North American market. The Division owns and operates three flat rolled steel works in Regina, Canada, as well as Montpelier and Mobile, USA. The steelworks, in which production is based on scrap metal, have a total annual production capacity of approximately 3.9 million tonnes of rolled products.

The rolling mills are Steckel mills which produce plate in thicknesses up to 114 mm and coil in thicknesses from 2.5 mm to 19 mm. The plate widths are 1,220 to 3,050 mm and for coils 1,020 to 3,050 mm. Plate and coil products may either be sold directly to customers or further processed in the Division's cutting lines and pipe plants. Product lines produced directly adjacent to the mills include blast and painted products, as well as quenched and tempered, and normalized plate products.

The subsidiary, General Scrap Partnership, processes approximately 360 thousand tonnes per year of ferrous scrap. Its plants are located in the vicinity of the Regina Steelworks, which obtains a large portion of its scrap metal requirements from General Scrap.

The Division also owns and operates a round billet steelworks in Koppel, USA with an annual production capacity of approximately 400 thousand tonnes. At the steelworks, liquid steel is cast into 140 mm round billets that are further processed into seamless tubes.

The Division's tubular production takes place at seven plants, with the input material for the welded and seamless products consisting of both IPSCO-produced and third party coil. The tubular range includes electric resistance welded (ERW) products ranging in diameter from 38 mm to 610 mm, double submerged arc welded (DSAW) products exceeding 610 mm in diameter, as well as seamless pipes from 48 mm to 127 mm in outside diameter.

More than 80% of the IPSCO Division's 1.5 million tonnes of tubular deliveries in 2007 were sold to the energy market. Energy tubular products consist mainly of oil and gas well casing and tubing (OCTG), small

diameter line pipe and large diameter line pipe. OCTG is used in the exploration and production of oil and natural gas from well sites. Line pipe is used in the gathering, transmission and distribution of extracted oil and natural gas. IPSCO estimates the North American market for OCTG to be 5.6 million tonnes and its share of this market to be 12%, based on deliveries in 2007. The main competitors in the North American OCTG market are Tenaris S.A., United States Steel Corporation (USS), and a high percentage of imports, primarily from China.

The IPSCO Division also manufactures a range of large diameter pipe sizes from 400 to 2,000 mm. Demand for large diameter pipe is driven exclusively by pipeline construction. Large diameter pipe is produced at the Regina facility, using IPSCO coil. Proximity between coil and pipe production and customers provides the Division with a competitive advantage in the northern part of North America. Major competitors include Berg Steel Pipe Corporation, Evraz Oregon Steel Mills Inc., American Cast Iron Pipe Company, and USS.

Two facilities in Texas specialize in premium connections, oilfield accessories and field services for complex oil and gas exploration and production, and are well-positioned to provide customers with supplementary products, service and expertise.

Both plate and tubular products are marketed under the IPSCO brand. Premium oil field accessories and services are marketed under the ULTRA™ brand.

The IPSCO Division minimizes the volatility of its business and maximizes earnings through a low-cost platform and the flexibility to move finished production between plate, coil and other value-added products based on market trends. The proportion of material delivered internally or purchased from third parties for pipe production varies depending on the market situation for steel products. The IPSCO Division's goal is for its steelworks to be among the most cost-efficient in the world.

IPSCO Division



| Thousand tonnes | 2007 | 2006 |
|-----------------------------|--------------|-------|
| Steel (plate, coil and CTL) | 2,547 | 2,460 |
| Energy tubular | 960 | 755 |
| Non-energy tubular | 224 | 210 |
| Large diameter pipe | 321 | 264 |
| Others | 16 | 1 |
| Total | 4,068 | 3,690 |

The market

The IPSCO Division's customers are mainly within Steel Service Centers, distributors, energy, agricultural equipment, heavy transports, heavy construction machinery and manufacturing industry. In 2007, deliveries to U.S. customers amounted to 3,290 thousand tonnes, (81% of the total), while customers in Canada accounted for 780 thousand tonnes (19%).

Deliveries of steel to third parties increased by 4% from 2006 due to the generally strong market. The end users of the IPSCO Division's flat rolled products are found, to a large extent, in the energy and transportation sectors. During the year, these segments have shown strong demand for heavy plate and were not affected by the general decline in the North American economy.

Energy tubular product sales increased by 27% due to the acquisition of NS Group in December 2006. The average number of active drilling rigs was 1,810 in the United States and 260 in Canada, i.e. 2,070 in total. In Canada, this was fewer than expected, indicating that distributors were carrying too high inventory levels at the beginning of the year. Due to inventory downsizing in 2007, sales by the IPSCO Division and its competitors have been lower than expected. The distributors' inventories are now down to a more normal level.

Demand for large diameter pipe is very strong due to a strong expansion of pipelines in North America. The IPSCO Division is the market leader, and the spiral mill in Regina is fully booked in 2008, and to a large extent in 2009 as well.

Deliveries of non-energy tubulars were 224 thousand tonnes.

The adjacent table details tonnes shipped (in '000) by major product line.

Production

Capacity utilization is a key factor for the IPSCO Division's earnings and success. To maximize plant and equipment utilization and minimize fixed costs per tonne of output, the capital-intensive plants are operated around-the-clock in four shifts. Optimum plant utilization is about 95%.

The Division's rolling production was 3,321 thousand tonnes in 2007, a 1% increase from 2006. Coil processing and tubular operations consumed 520 thousand tonnes of hot rolled coils from IPSCO's steelworks, up 17% on 2006. The increase in seamless pipe production is due primarily to the acquisition of NS Group.

Production, by facilities/product line, is illustrated in the following table:

| Thousand tonnes | 2007 | 2006 |
|--------------------|--------------|-------|
| Regina | 936 | 961 |
| Montpelier | 1,159 | 1,146 |
| Mobile | 1,226 | 1,181 |
| Seamless | 195 | – |
| Small Diameter ERW | 841 | 905 |
| Large diameter | 351 | 273 |
| Total | 4,708 | 4,466 |

Profit

Operating profit before financial items pro forma for the full year of 2007 was SEK 4,336 million and, the period from July 18 when SSAB acquired IPSCO, was SEK 1,970 million.

The IPSCO Division is a leading supplier of plate and energy tubulars on the North American market. More than 80% of the IPSCO Division's 1.5 million tonnes of tubular deliveries in 2007 were sold to the energy market.



Capital expenditures

A vacuum degasser facility in Montpelier was brought into operation in 2007. The installation of the vacuum degasser will render possible the production of more advanced steels and thereby an expansion of the IPSCO Division's product range.

At the large diameter spiral pipe mill in Regina, the possibilities for preparation and inspection of coil to be used pipe production have been greatly improved. During the first quarter of 2008, a fourth spiral mill and a second finishing line will be installed adjacent to the spiral mill, bringing total capacity to 500 thousand tonnes. In addition, during the year equipment was installed in Regina to increase the steelwork's annual total rolled products capacity by 110 thousand tonnes.

October 2007 marked the start of the Baytown tubing plant expansion which includes, as its major element, a new integrated Quench and Temper Heat Treat line. This investment, when completed in the third quarter of 2008, will provide the Baytown facility with in-house heat treat capacity in excess of 70 thousand tonnes per year for tubing in diameters from 60 mm to 200 mm casing.

In late 2007, a new OCTG heat treat facility adjacent to the Blytheville pipe mill was brought into operation. Combined with the heat treat capacity at other facilities, the IPSCO Division's total tubular heat treat capacity is now 520 thousand tonnes annually.

New 165 mm diameter round billet casting molds were successfully brought into operation at the Koppel Steelworks in August. The larger billet will primarily be used in the Ambridge Seamless Mill and means that IPSCO can expand its range of seamless pipes to 140 mm diameter.

Product and process development

The IPSCO Division constantly evaluates new ways to add value to its product lines and will continue to expand its plate and pipe product lines to include certain niche or specialty steels and advanced energy pipe. The Division operates the Frontier Pipe Research Unit in Regina which is specifically dedicated to accelerate development of the Division's capability regarding production of large diameter pipe suited for frontier climates, as well as plate niche products.

IPSCO's share of profit, 2007

The table shows the effects of the acquisition of IPSCO on SSAB's consolidated profit.

The table represents a summary of the explanations of the effects of the acquisition that are presented in the running text.

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

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

Tibnor

Mikael Nyquist, President



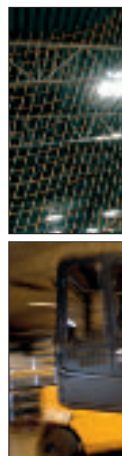
Share of the group's



| SEK millions | 2007 | 2006 |
|--|---------------|-------|
| Sales | 10,413 | 9,202 |
| Operating profit | 877 | 776 |
| Operational cash flow ¹⁾ | 510 | 511 |
| Capital expenditures | 145 | 44 |
| Capital employed at year-end | 1,784 | 1,601 |
| Return on capital employed (%) ²⁾ | 46 | 50 |
| Average number of employees ³⁾ | 1,078 | 949 |

¹⁾ New definition used for 2007 and 2006
²⁾ Refers to return on average capital employed.
³⁾ New definition used for 2007 and 2006.

Definitions, see Note 29.



Tibnor is the leading company within Swedish steel distribution and constitutes an important sales channel for SSAB's steel operations, primarily on the Swedish market.

The supply of steel to the Swedish market takes place through steel trading companies or directly from Swedish and foreign steel mills. Other companies include various Steel Service Centres and companies specialising within a limited product sector.

Tibnor enjoys a leading position within steel and non-ferrous metal trading in the Nordic region, with its own subsidiaries in the Nordic countries and in Poland and Latvia. The most important customer sectors are companies within the engineering, processing, and building industries. A significant portion of Tibnor's customers within the engineering industry are suppliers to Swedish export industry.

The largest competitors among distribution companies in Sweden are BE-Group and Ruukki, as well a number of companies with a narrow product focus, which are either independent or owned by foreign manufacturers.

Within the scope of Tibnor's business concept, the Company endeavors, through strong and cost-efficient sales, warehouse and distribution functions, to be an important partner in the supply of various types of steel and metal products to industry. This is achieved by offering a wide range of products combined with a wide range of services, with the objective that Tibnor shall be used as a first stage in the customer's own production.

Tibnor's traditional core business lies within the areas of steel and stainless steel in which industry is supplied

with a complete range of commercial steels, strip products, plate, specialty steels, pipes and stainless steel. In addition, the business operations include the sale of non-ferrous metals and building-related steel products. Tibnor's foreign subsidiaries supply customers in the respective countries with a selection of steel and non-ferrous metal products based on market conditions.

As a consequence of customer demand for tailor-made logistics solutions, steel and non-ferrous metal products are nowadays being delivered pre-treated for immediate use in the customer's production. Since the year's acquisition of Dickson PSC from the Strip Products Division, resources are now offered for material pre-treatment, such as slitting and cutting to size of strip steel, directly from Tibnor or in cooperation with external subcontractors. Tibnor also has its own production centers for pre-treatment of other materials in the form of cutting in lengths, blasting, organic coating, figure cutting, etc. In addition, Tibnor is able to supply production resources through a large network of partners in various areas of expertise.

Within the non-ferrous metals area, specialization has taken place towards trading in non-ferrous metals for industrial use. Within the non-ferrous metals area, Tibnor is one of the major distributors of semi-finished goods and raw materials of aluminum, copper, brass and zinc, not only in Sweden but also in Finland and Denmark.

Tibnor is one of Sweden's leading suppliers of reinforcement products, with major construction companies in the country constituting its most important customer group. Through two plants for the manufacture of insertion-ready rebar products, the Company is also able to provide tailor-made reinforcement solutions, in addition to standard materials. Tibnor is also one of Sweden's leading suppliers of sheet piling, which is used in the laying of foundations.



The market

Tibnor's sales were SEK 10,413 (9,202) million, an increase of 13% over the preceding year. Increased volumes accounted for 4% and higher prices for 9%.

Sales have been strong on all markets and within most customer segments. Tibnor's foreign subsidiaries have enjoyed a positive trend. This is the case primarily in Finland, Norway and Poland, where results have continued to be strong.

With the widest range of commercial steels, special steels, pipes and stainless steels on the market and with nationwide logistics functions, Tibnor has become a natural part of the customers' production flows. The steel is delivered, blasted, primed, cut into lengths, sheared or split for immediate use in the customer's production process. The product range is completed with non-ferrous metals and building-related products.

| SEK millions | 2007 | 2006 | Change % |
|-----------------|---------------|-------|----------|
| Steel | 2,004 | 1,690 | + 19 |
| Sheet and plate | 3,689 | 3,156 | + 17 |
| Special steels | 1,406 | 1,129 | + 25 |
| Stainless steel | 1,284 | 907 | + 42 |
| Metals | 1,550 | 1,877 | - 17 |
| Construction | 478 | 409 | + 17 |
| Other | 2 | 34 | - 94 |
| Total | 10,413 | 9,202 | + 13 |

Profit

Operating profit improved by SEK 101 million to SEK 877 (776) million.

Increased volumes and substantial price increases accounted for most of the improvement. During the year, a number of properties no longer used in the business were sold, generating a capital gain of SEK 97 million.



Other companies

Profit after financial items per company

| SEK millions | 2007 | 2006 | 2005 |
|-----------------------|------|------|------|
| Plannja | 63 | 110 | 76 |
| Norsk Stål | 235 | 247 | 145 |
| Norsk Stål Tynnplater | 17 | 43 | 30 |
| Lulekraft | 0 | 0 | 0 |
| Oxelösunds Hamn | 23 | 23 | 18 |

Plannja

Plannja is wholly owned by SSAB and is one of Europe's leading producers of building sheet, with a geographical focus on the Nordic and Baltic regions, as well as Central and Eastern Europe.

The product range consists of a comprehensive range of flat and profiled building sheet, sheet roofing tiles, rainwater run-off goods, and sandwich-type wall panels. Plannja's products are based overwhelmingly on metal-coated strip steel. Strip steel consumption amounts to approximately 105 thousand tonnes, with most of the material being supplied by the Strip Products Division. There were 597 (517) employees.

Demand improved on all markets thanks to successful marketing activities and a strong construction sector. Sales increased to SEK 1,755 (1,377) million. As a result of higher volumes but weaker margins, profit after financial items was SEK 63 (110) million.

Norsk Stål

Norsk Stål is owned by SSAB (50%) and Corus (50%) and is Norway's largest steel wholesaler with a market share of approximately 44 (45)%. There were 327 (307) employees.

Demand for steel in Norway increased within both shipbuilding and offshore drilling and sales increased to SEK 3,403 (2,938) million. As a consequence of higher volumes but weaker margins, profit after financial items was SEK 235 (247) million.

Norsk Stål Tynnplater

Norsk Stål Tynnplater is owned by SSAB (50%) and Corus (50%) and is Norway's largest steel service center with a market share of just over 60% (60%). There were 56 (57) employees.

Demand for processed sheet was unchanged both in Norway and Sweden. Thanks to higher prices, sales increased to SEK 808 (712) million. Weaker margins resulted in profit after financial items of SEK 17 (43) million.

Lulekraft

Lulekraft operates a combined heat and power plant in Luleå and is owned by SSAB (50%) and the municipality of Luleå (50%). The combined heat and power plant utilises energy-rich gases from SSAB Tunnplåt's steel production and produced 759 GWh of district heat and



Plannja's building sections in metal-coated, organic-coated and profiled sheet are used both as load-bearing structures as well as roofing and wall sections for residential and industrial premises, offices schools etc.

576 GWh of electricity. The district heat is sold to Luleå Energi, which distributes it to approximately 20,000 households in the municipality of Luleå. The electricity is sold to the Strip Products Division. There were 32 (33) employees.

Sales increased to SEK 364 (357) million. Profit after financial items was SEK 0 (0) million.

Oxelösunds Hamn

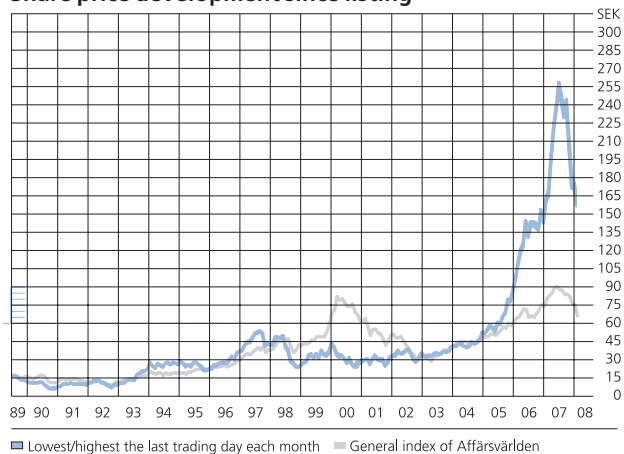
The port operations in Oxelösund are among the largest in Sweden. The port has excellent draught conditions and plays an important role in the Group's extensive imports of raw materials and exports of strip and plate.

Oxelösunds Hamn is owned by SSAB Oxelösund (50%) and the municipality of Oxelösund (50%). There were 217 (215) employees.

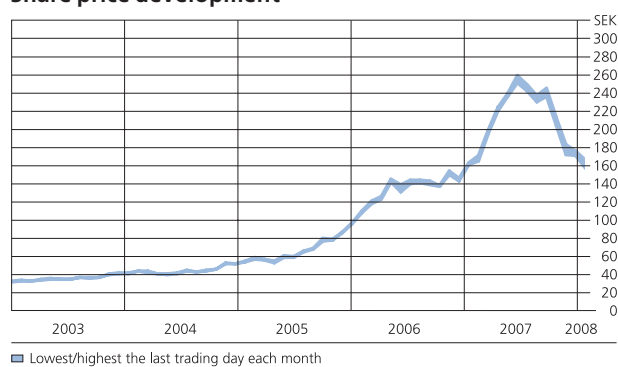
Sales increased somewhat to SEK 234 (218) million. Profit after financial items was SEK 23 (23) million.

The SSAB Share

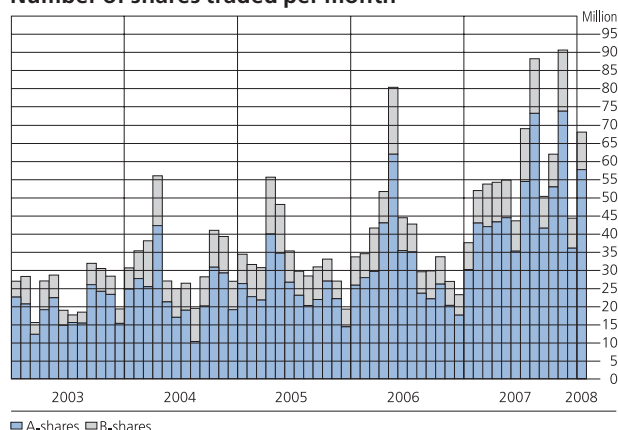
Share price development since listing



Share price development



Number of shares traded per month



SSAB on the stock exchange

During the year, SSAB shares were traded for just over SEK 139 billion. Trading in the shares took place on all exchange days and averaged approximately SEK 560 million per day. The volume of traded shares corresponded to 237% of the average outstanding shares. The turnover rate for the Exchange as a whole in 2007 was 130%. Trading in SSAB's shares accounted for 1.1% of trading on OMX Nordic Exchange Stockholm. Trading in SSAB shares increased significantly in 2007, compared with previous years.

The performance of the share during the year was affected by the acquisition of IPSCO and the increasing turbulence on the exchange towards the end of the year. Over the year as a whole, the class A share price increased by 18.4%, at the same time as the OMX index fell by 6%. In principle, the share performed positively, peaking at SEK 291 (adjusted for the new issue) on July 13. Thereafter, the price fell by approximately 39% by the end of 2007. The lowest price (SEK 136) during the year was listed on January 17.

SSAB's market capitalization at the beginning of the year was approximately SEK 47,600 million and, at the end of 2007, approximately SEK 55,600 million, an increase of SEK 8,000 million.

SSAB's shares were listed on the Stockholm Stock Exchange's A list in 1989 and, since 1994, have been listed among the most actively traded shares. With the formation of a pan-Nordic exchange, since 2006 the share has been listed on the Nordic exchange, OMX Nordic Exchange Stockholm, on the Large Cap list.

A trading unit consists of 100 shares, as regards both class A and class B shares. OMX Nordic Exchange issues call and put options on the shares.

Dividends

Dividends shall be adjusted to the average profit level over a business cycle and, in the long-term, constitute approximately 50% of profit after tax. It shall also be possible to use dividends to adjust the capital structure.

For the 2007 financial year, a dividend of SEK 5.00 per share is proposed, i.e. 35% of earnings. Since the share was listed on the stock exchange in 1989, the dividend has thus averaged 34% of earnings. Including redemptions and repurchases, 62% of earnings have been distributed to the shareholders.

Share capital

A new issue of shares was carried out in August 2007 as part of the financing of the IPSCO acquisition. Four existing shares entitled the holder to subscribe for one newly issued share of the same class. The issue price was SEK 155 for both class A and class B shares. The issue was fully subscribed and SSAB thereby raised approximately SEK 10 billion. Trading in the newly issued shares began

Since 1989, the number of shares and the share capital have changed as set forth below:

| 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 Split 4:1 | 96,000,000 | 128,000,000 | 0 | 3,200 |
| 1998 Redemption | - 15,891,199 | 112,108,801 | - 397 | 2,803 |
| 2001 Reduction in share capital | - 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 Split 3:1 | 172,765,214 | 259,147,821 | 0 | 2,280 |
| 2007 New share issue 1:4 | 64,786,954 | 323,934,775 | 571 | 2,851 |

Data per share

| | 2007 | 2006 | 2005 | 2004 | 2003 |
|--|---------------|--------|--------|--------|--------|
| Trading price Dec. 31, class A, SEK | 176.00 | 148.69 | 87.72 | 47.51 | 38.16 |
| Earnings, SEK | 15.45 | 14.66 | 12.87 | 10.86 | 2.72 |
| Cash flow, SEK | neg | 14.29 | 14.81 | 6.58 | 2.53 |
| Equity, SEK | 89.26 | 59.18 | 52.01 | 42.96 | 33.14 |
| Dividend ¹⁾ , SEK | 5.00 | 4.50 | 3.00 | 2.50 | 2.00 |
| Average no. of shares, million | 296.9 | 265.5 | 285.6 | 302.7 | 302.7 |
| No. of shares at year-end, million | 323.9 | 259.1 | 90.9 | 100.9 | 100.9 |
| No. of shares at year-end, adjusted for split, million | 323.9 | 259.1 | 272.8 | 302.7 | 302.7 |
| Market capitalization, SEK millions | 55,599 | 41,579 | 25,805 | 15,659 | 12,520 |

Valuation

| | 2007 | 2006 | 2005 | 2004 | 2003 |
|-------------------------|-------------|------|------|------|------|
| Yield, % | 2.8% | 3.0% | 3.4% | 5.3% | 5.2% |
| P/E ratio | 11.4 | 10.1 | 6.8 | 4.4 | 14.0 |
| Price/equity, % | 197% | 251% | 169% | 111% | 115% |
| EV/EBIT ²⁾ | 12.3 | 7.0 | 4.6 | 3.6 | 10.4 |
| EV/EBITDA ²⁾ | 9.8 | 6.0 | 4.0 | 2.9 | 6.2 |

¹⁾ Pursuant to the Board of Directors' proposal for the 2006 financial year.

²⁾ EV/EBIT and EV/EBITDA: Enterprise value (EV) relative to Earnings Before Interest and Taxes (EBIT) or Earnings Before Interest, Taxes, Depreciation and Amortization (EBITDA). Enterprise value is the total of the Company's market capitalization, net debt and minority interests. The gauge expresses the market value of the business as a debt-free company relative to the earnings levels before financing items.

Owner 28 december 2007

| Shareholding as % of | capital | votes |
|----------------------------------|---------|-------|
| Industrivärden | 17.5 | 22.7 |
| Swedbank Robur | 3.8 | 1.8 |
| LKAB | 3.8 | 5.0 |
| AFA Insurance | 3.2 | 0.7 |
| AMF | 3.0 | 3.8 |
| 4th National Pension Fund | 1.8 | 1.8 |
| SEB Funds | 1.5 | 1.8 |
| Handelsbanken incl. Pension Fund | 1.4 | 1.7 |
| Handelsbanken Funds | 1.4 | 1.4 |
| Skandia Liv | 1.3 | 0.4 |
| Nordea Funds | 1.3 | 1.4 |
| 2nd National Pension Fund | 1.1 | 1.3 |
| Länsförsäkringar | 0.9 | 1.2 |
| Folksam | 0.9 | 1.1 |
| 1st National Pension Fund | 0.8 | 0.7 |
| Foreign shareholders | 31.4 | 31.1 |
| Other shareholders | 25.0 | 22.1 |
| | 100.0 | 100.0 |

Distribution of shares

| Shareholding | Number | as % of all shareholders | as % of share capital |
|----------------|--------|--------------------------|-----------------------|
| 1-500 | 21,578 | 44.3 | 1.4 |
| 501-1 000 | 8,454 | 17.4 | 2.0 |
| 1 001-5 000 | 16,673 | 34.3 | 9.2 |
| 5 001-10 000 | 855 | 1.8 | 1.9 |
| 10 001-50 000 | 703 | 1.4 | 4.6 |
| 50 001-100 000 | 145 | 0.3 | 3.2 |
| 100 001- | 260 | 0.5 | 77.7 |
| Total | 48,668 | 100.0 | 100.0 |

The tables above showing the largest shareholders and distribution of shares are based upon information obtained from VPC as per December 31, 2007.

on September 4, 2007. With the new issue, the number of class A shares increased by 48,153,166 and the number of class B shares by 16,633,788. The total number of shares at the end of the year had thereby increased to 323,934,775, divided into 240,765,832 class a shares and 83,168,943 class B shares.

Each class A share entitles the holder to one vote and each class B share entitles the holder to one-tenth of one vote. All shares are unrestricted and the quotient value per share is SEK 8.80.

Ownership structure

At the end of 2007, SSAB's three largest shareholders measured in terms of share capital were Industrivärden, Swedbank Robur and LKAB. During the year, LKAB reduced its ownership stake. The Swedish institutions that have increased their holdings include AMF Pension. The 1st National Pension Fund reduced its holding and the list of the 15 largest shareholders in SSAB now includes Folksam and Länsförsäkringar. It should be noted that foreign institutions' holdings in SSAB are nominee-registered and for this reason there are no identified foreign institutions among the 15 largest shareholders in SSAB.

At the end of 2007, SSAB had 48,668 shareholders, an increase of approximately 21% during the year. Of these, 30,032 owned held fewer than 1,001 shares. The 15 largest identified shareholders together owned 43.5% of the share capital and 46.7% of the voting capital.

Foreign ownership in SSAB declined somewhat during the year and, at the end of December, accounted for approximately 31% of both share capital and voting capital, a decrease of 3 and 4 percentage points respectively. Foreign ownership is broken down as follows: USA, approximately 11%; Great Britain, approximately 8%; the rest of Europe, approximately 10%; and the rest of the world, approximately 2%.

Investor Relations

During 2007, a large number of meetings took place with representatives of financial institutions. The meetings were held in Stockholm, New York, Boston, London, Edinburgh, Frankfurt and Paris. In addition, regular presentations were arranged in connection with the publication of interim reports and the results for the year.

Analysts from the following firms regularly monitor SSAB

ABG Sundal Collier
 ABN Amro Bank NV
 Carnegie
 CA Cheuvreux
 Credit Suisse
 Deutsche Bank
 Erik Penser
 Exane BNP Paribas
 SEB Enskilda
 Goldman Sachs International
 Svenska Handelsbanken
 Hagströmer & Qviberg
 JP Morgan
 Kaupthing
 Morgan Stanley
 Standard & Poors
 Swedbank
 UBS
 Öhman

Consolidated Income Statement

| SEK millions | 2007 | 2006 |
|---|---------------|--------------|
| Sales (Note 1) | 47,651 | 31,054 |
| Cost of goods sold (Note 2) | - 36,606 | - 23,087 |
| Gross profit | 11,045 | 7,967 |
| Selling expenses (Note 2) | - 1,645 | - 1,369 |
| Administrative expenses (Note 2) | - 1,633 | - 972 |
| Other operating revenue (Note 1) | 583 | 379 |
| Other operating expenses (Note 2) | - 389 | - 190 |
| Shares in earnings of affiliated companies after tax (Note 3) | 100 | 136 |
| Operating profit | 8,061 | 5,951 |
| Financial revenue (Note 4) | 249 | 96 |
| Financial expenses (Note 4) | - 1,911 | - 98 |
| Profit after financial items | 6,399 | 5,949 |
| Tax (Note 5) | - 1,714 | - 1,608 |
| Net profit for the year | 4,685 | 4,341 |
| Of which attributable to: | | |
| - the parent company's shareholders | 4,587 | 4,253 |
| - minority interests | 98 | 88 |
| Earnings per share, SEK (Notes 12, 28) ¹⁾ | 15.45 | 14.66 |
| Dividend per share - 2007 proposal | 5.00 | 4.50 |

¹⁾ There are no outstanding share instruments and, consequently, there is no dilution.

Consolidated Balance Sheet

| SEK millions | 2007 | 2006 |
|---|---------------|---------------|
| ASSETS | | |
| Fixed assets | | |
| Goodwill (Note 6) | 30,203 | – |
| Other intangible assets (Note 6) | 10,445 | 10 |
| Tangible assets (Note 7) | 22,818 | 7,962 |
| Participations in affiliated companies (Notes 3, 8) | 353 | 283 |
| Financial assets (Note 8) | 272 | 15 |
| Deferred tax claims (Note 14) | 1,025 | 70 |
| Total fixed assets | 65,116 | 8,340 |
| Current assets | | |
| Inventories (Note 9) | 14,072 | 6,951 |
| Accounts receivable (Note 27) | 8,268 | 4,926 |
| Prepaid expenses and accrued revenue (Note 10) | 714 | 260 |
| Current tax claims | 246 | 37 |
| Other current interest-bearing receivables (Note 11) | – | 495 |
| Other current receivables (Note 27) | 582 | 413 |
| Liquid assets (Note 11) | 1,707 | 1,373 |
| Total current assets | 25,589 | 14,455 |
| Total assets | 90,705 | 22,795 |
| EQUITY AND LIABILITIES | | |
| Equity | | |
| Share capital | 2,851 | 2,280 |
| Other contributed funds | 9,944 | 553 |
| Translation reserve | 149 | – 49 |
| Retained earnings | 15,972 | 12,551 |
| Total equity for shareholders in the Company | 28,916 | 15,335 |
| Minority shares incl. minority's share of earnings | 229 | 216 |
| Total equity | 29,145 | 15,551 |
| Long-term liabilities | | |
| Long-term interest-bearing liabilities (Note 16) | 39,825 | 850 |
| Pension provisions (Note 13) | 383 | 131 |
| Deferred tax liabilities (Note 14) | 8,514 | 1,302 |
| Other long-term provisions (Note 15) | 90 | 23 |
| Total long-term liabilities | 48,812 | 2,306 |
| Current liabilities | | |
| Current interest-bearing liabilities (Note 16) | 4,998 | 306 |
| Accounts payable (Note 27) | 4,740 | 2,362 |
| Accrued expenses and deferred revenue (Note 17) | 2,429 | 1,432 |
| Current tax liabilities | 40 | 448 |
| Other current liabilities (Note 27) | 532 | 350 |
| Current provisions (Note 15) | 9 | 40 |
| Total current liabilities | 12,748 | 4,938 |
| Total equity and liabilities | 90,705 | 22,795 |
| Pledged assets (Note 21) | 58 | 59 |
| Contingent liabilities (Note 22) | 75 | 88 |

Changes in Equity, Consolidated

| SEK millions | Share capital | Other contributed funds | Translation reserve | Retained earnings | Total | Minority interest | Total equity |
|---|---------------|-------------------------|---------------------|-------------------|---------------|-------------------|---------------|
| Equity, January 1, 2006 | 2,273 | 560 | 30 | 11,321 | 14,184 | 180 | 14,364 |
| Translation difference (Note 12) | – | – | – 79 | – | – 79 | – 1 | – 80 |
| Profit for the year | – | – | – | 4,253 | 4,253 | 88 | 4,341 |
| Total changes, excluding transactions with the Company's owners | – | – | – 79 | 4,253 | 4,174 | 87 | 4,261 |
| Redemption of shares (Note 12) | – 114 | – | – | – 2,091 | – 2,205 | – | – 2,205 |
| Bonus issue (Note 12) | 121 | – 7 | – | – 114 | – | – | – |
| Dividend (Note 12) | – | – | – | – 818 | – 818 | – 51 | – 869 |
| Equity, December 31, 2006 | 2,280 | 553 | – 49 | 12,551 | 15,335 | 216 | 15,551 |
| Equity, January 1, 2007 | 2,280 | 553 | – 49 | 12,551 | 15,335 | 216 | 15,551 |
| Translation difference (Note 12) | – | – | – 37 | – | – 37 | 2 | – 35 |
| Effects of equity hedge (Note 12) | – | – | 235 | – | 235 | – | 235 |
| Profit for the year | – | – | – | 4,587 | 4,587 | 98 | 4,685 |
| Total changes, excluding transactions with the Company's owners | – | – | 198 | 4,587 | 4,785 | 100 | 4,885 |
| New issue (Note 12) | 571 | 9,391 | – | – | 9,962 | – | 9,962 |
| Dividend (Note 12) | – | – | – | – 1,166 | – 1,166 | – 87 | – 1,253 |
| Equity, December 31, 2007 | 2,851 | 9,944 | 149 | 15,972 | 28,916 | 229 | 29,145 |

Consolidated Cash Flow Statement

| SEK millions | 2007 | 2006 |
|---|----------|---------|
| BUSINESS OPERATIONS | | |
| Profit from operating activities | | |
| Profit after financial items (Note 23) | + 6,399 | + 5,949 |
| Reversal of non-cash items | | |
| Non-distributed shares in affiliated companies' earnings | - 34 | - 82 |
| Depreciation of tangible assets (Note 7) | + 1,570 | + 961 |
| Amortization of intangible assets (Note 6) | + 476 | + 1 |
| Write-downs (Note 7) | - | + 1 |
| Profit upon sale of fixed assets | - 15 | 0 |
| Profit upon sale of subsidiaries and affiliated companies | - 93 | - 162 |
| Exchange gains/losses | - 101 | - |
| Other reversals | - 18 | + 54 |
| Tax paid | - 2,788 | - 1,622 |
| | + 5,396 | + 5,100 |
| Working capital | | |
| Inventories (+decrease) | - 276 | - 164 |
| Accounts receivable (+decrease) | - 468 | - 601 |
| Accounts payable (+increase) | + 435 | + 341 |
| Other current receivables (+decrease) | - 123 | + 60 |
| Other current liabilities (+increase) | - 283 | + 99 |
| | - 715 | - 265 |
| Cash flow from operating activities | + 4,681 | + 4,835 |
| INVESTING ACTIVITIES | | |
| Investments in plants and machinery (Notes 6 & 7) | - 2,817 | - 1,407 |
| Sale of plants and machinery | + 69 | + 21 |
| Acquisition of companies and businesses (Note 24) | - 54,775 | - |
| Sale of companies and businesses (Note 25) | + 156 | + 350 |
| Other long-term receivables (+decrease) | + 7 | + 27 |
| Cash flow from investing activities | - 57,360 | - 1,009 |
| FINANCING ACTIVITIES | | |
| Redemption of shares | - | - 2,205 |
| New issue | + 9,962 | - |
| Dividend to shareholders | - 1,166 | - 818 |
| New loans | + 80,987 | - |
| Repayment/amortization of loans | - 38,396 | - 600 |
| New financial investments | - | - 495 |
| Repayment, financial investments | + 495 | + 895 |
| Other financing (+increase) (Note 23) | + 1,131 | - 114 |
| Cash flow from financing activities | 53,013 | - 3,337 |
| CHANGE IN LIQUID ASSETS | + 334 | + 489 |
| LIQUID ASSETS | | |
| Balance on January 1 | + 1,373 | + 884 |
| Change in liquid assets | + 334 | + 489 |
| Balance on December 31 (Note 11) | + 1,707 | + 1,373 |
| Contracted, non utilized overdraft facilities | + 8,864 | + 1,852 |
| Disposable liquid assets | + 10,571 | + 3,225 |

Parent Company's Income Statement

| SEK millions | 2007 | 2006 |
|--------------------------------------|-------|-------|
| Gross profit | - | - |
| Administrative expenses (Note 2) | - 167 | - 111 |
| Other operating revenue (Note 1) | 39 | 2 |
| Operating profit | - 128 | - 109 |
| Dividends from subsidiaries (Note 4) | 4,615 | 6,665 |
| Financial items (Note 4) | 54 | 153 |
| Profit after financial items | 4,541 | 6,709 |
| Appropriations (Note 14) | - 13 | - |
| Profit before tax | 4,528 | 6,709 |
| Tax (Note 5) | 43 | 3 |
| Net profit for the year | 4,571 | 6,712 |

Parent Company's Balance Sheet

| SEK millions | 2007 | 2006 |
|--|---------------|---------------|
| ASSETS | | |
| Fixed assets | | |
| Tangible assets (Note 7) | 8 | 1 |
| Financial assets (Note 8) | 12,488 | 2,307 |
| Long-term receivables from subsidiaries | 31,710 | – |
| Deferred tax claims (Note 14) | 1 | 1 |
| Total fixed assets | 44,207 | 2,309 |
| Current assets | | |
| Current receivables from subsidiaries | 13,238 | 8,854 |
| Prepaid expenses and accrued revenue (Note 10) | 34 | 5 |
| Current tax claims | – | – |
| Other current interest-bearing receivables (Note 11) | – | 495 |
| Other current receivables | 145 | 176 |
| Liquid assets (Note 11) | 1,470 | 974 |
| Total current assets | 14,887 | 10,504 |
| Total assets | 59,094 | 12,813 |
| EQUITY AND LIABILITIES | | |
| Equity | | |
| <i>Restricted equity:</i> Share capital | 2,851 | 2,280 |
| Statutory reserve | 902 | 902 |
| <i>Unrestricted equity:</i> Retained earnings | 15,767 | 458 |
| Net profit for the year | 4,571 | 6,712 |
| Total equity | 24,091 | 10,352 |
| Untaxed reserves (Note 14) | 13 | – |
| Provisions | | |
| Pension provisions | 6 | 6 |
| Total provisions | 6 | 6 |
| Long-term liabilities | | |
| Liabilities to subsidiaries | 1 | 1 |
| Other long-term interest-bearing liabilities (Note 16) | 28,285 | 800 |
| Total long-term liabilities | 28,286 | 801 |
| Current liabilities | | |
| Accounts payable | 25 | 4 |
| Liabilities to subsidiaries | 1,321 | 1,216 |
| Current interest-bearing liabilities (Note 16) | 4,870 | 275 |
| Accrued expenses and deferred revenue (Note 17) | 183 | 32 |
| Current tax liabilities | 10 | 1 |
| Current provisions (Note 15) | 7 | – |
| Other current liabilities | 282 | 126 |
| Total current liabilities | 6,698 | 1,654 |
| Total equity and liabilities | 59,094 | 12,813 |
| Pledged assets (Note 21) | 0 | 0 |
| Contingent liabilities (Note 22) | 171 | 163 |

Parent Company's Changes in Equity

| SEK millions | Restricted Equity | | Unrestricted Equity | |
|--------------------------------------|-------------------|-------------------|---------------------|---------------------|
| | Share capital | Statutory reserve | Retained earnings | Profit for the year |
| Equity, January 1, 2006 | 2,273 | 909 | 822 | 2,653 |
| Retained earnings from previous year | – | – | 2,653 | – 2,653 |
| Group contributions received | – | – | 10 | – |
| Tax on Group contributions | – | – | – 3 | – |
| Bonus issue | 121 | – 7 | – 114 | – |
| Redemption (Note 12) | – 114 | – | – 2,091 | – |
| Dividend (Note 12) | – | – | – 818 | – |
| Profit for the year | – | – | – | 6,712 |
| Equity, December 31, 2006 | 2,280 | 902 | 458 | 6,712 |
| Equity, January 1, 2007 | 2,280 | 902 | 458 | 6,712 |
| Retained earnings from previous year | – | – | 6,712 | – 6,712 |
| Effects of equity hedge | – | – | 235 | – |
| Group contributions received | – | – | 190 | – |
| Tax on Group contributions | – | – | – 53 | – |
| New issue (Note 12) | 571 | – | 9,391 | – |
| Redemption (Note 12) | – | – | – | – |
| Dividend (Note 12) | – | – | – 1,166 | – |
| Profit for the year | – | – | – | 4,571 |
| Equity, December 31, 2007 | 2,851 | 902 | 15,767 | 4,571 |

Retained earnings include a premium reserve of SEK 9,391 million.

Parent Company's Cash Flow Statement

| SEK millions | 2007 | 2006 |
|--|-----------------|----------------|
| BUSINESS OPERATIONS | | |
| Profit from operating activities | | |
| Profit after financial items (excl. dividends from subsidiaries) (Note 23) | - 74 | + 44 |
| Reversal of non-cash items | | |
| Amortization of intangible assets | - | - |
| Depreciation of tangible assets | + 1 | + 0 |
| Exchange gains/losses | - 96 | - |
| Other reversals | + 6 | + 1 |
| Paid tax | - 2 | - 142 |
| | - 165 | - 97 |
| Working capital (Note 23) | | |
| Current receivables (+decrease) | + 119 | + 56 |
| Current liabilities (+increase) | + 48 | - 17 |
| Commercial intra-Group transactions | - 85 | - 55 |
| | + 82 | - 16 |
| Cash flow from operating activities | - 83 | - 113 |
| INVESTING ACTIVITIES | | |
| Investments in plants and machinery | - 7 | - 1 |
| Sale of plants and machinery | - | 0 |
| Investments in subsidiaries | - 10,181 | - |
| Sale of subsidiaries | + 1 | - |
| Other long-term receivables (+decrease) | - | 0 |
| Cash flow from investing activities | - 10,187 | - 1 |
| FINANCING ACTIVITIES | | |
| Dividend to shareholders | - 1,166 | - 818 |
| Group contributions | + 10 | |
| Redemption | - | - 2,205 |
| New issue | + 9,962 | - |
| Dividends from subsidiaries | + 4,045 | + 3,195 |
| New loans | + 68,653 | - |
| Repayment/amortization of loans | - 36,574 | - 555 |
| Financial intra-Group transactions | - 35,153 | + 430 |
| New financial investments | - | - 495 |
| Repaid financial investments | + 495 | + 895 |
| Other financing (+increase) | + 494 | 0 |
| Cash flow from financing activities | + 10,766 | + 447 |
| CHANGES IN LIQUID ASSETS | + 496 | + 333 |
| LIQUID ASSETS | | |
| Balance on January 1 | + 974 | + 641 |
| Changes in liquid assets | + 496 | + 333 |
| Balance on December 31 (Note 11) | + 1,470 | + 974 |
| Agreed, non-utilized overdraft facilities | + 8,864 | + 1,852 |
| Disposable liquid assets | + 10,334 | + 2,826 |

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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 Svenskt Stål AB is a limited liability company with its registered office in Stockholm, Sweden. The parent company is listed on the OMX Nordic Exchange 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 Accounting Standards Council's Recommendation RR 30:05, Supplementary Reporting 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 allocation of costs for sold goods as well as selling and administrative expenses have been adjusted during 2007. Last year's figures have been adjusted in order to correspond therewith, entailing that costs for sold goods fell by SEK 504 million for the full year of 2006, while a corresponding increase occurred with respect to selling and administrative expenses. The Group has also changed the principles regarding reporting of affiliated companies inasmuch as Shares in the profits of affiliated companies are now reported after tax in the operating profit. Figures for previous years have been adjusted to correspond thereto, entailing a reduction of SEK 103 million for the full year of 2006 and a reduction in taxes by the same amount.

The consolidated financial statements have been prepared in accordance with the acquisition method, other than with respect to certain financial assets and liabilities (including derivative instruments) which are 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 Account Standards Council's Recommendation RR 32:06, Reporting by Legal Entities, has been applied.

i. Standards, changes and interpretations that entered into force in 2007 and are relevant to the Group.

- IFRS 7 (Financial Instruments: Disclosure and the Amendments to IAS 1 Presentation of Financial Statements): IFRS 7 primarily replaces the disclosure requirements set forth in IAS 32, but entails also a certain expansion of the disclosure requirement. This recommendation has only affected the formulation and scope of the supplementary disclosure presented in the consolidated financial statements.
- IFRIC 10 (Interim Financial Reporting and Impairment): IFRIC 10 does not allow reversal on a subsequent balance sheet date of write-downs reported during an interim period with respect to goodwill, investments in equity instruments, or investments in financial assets which are reported at acquisition value. This interpretation has had no effect on the Group's financial statements.

ii. Standards applied by the Group prematurely

The Group applies no standards prematurely.

iii. Standards, changes and interpretations that have not yet entered into force

The following standards and interpretations of existing standards have been published and are obligatory as regards the consolidated financial statements for financial years commencing January 1, 2008 or later.

- IAS 1 (Revised) Presentation of Financial Statements: This change enters into force on January 1, 2009 but is still subject to the EU's approval process. The change entails primarily changes in the

presentation and designations used in the financial statements. The Group will apply IAS 1 (Revised) commencing January 1, 2009, which will affect the Group's future presentation of financial statements.

- IAS 23 (Revised) Borrowing Costs: This change enters into force on January 1, 2009 but is still subject to the EU's approval process. The change requires companies to capitalize, as a part of the acquisition value of an asset, borrowing costs that are directly related to purchasing, construction or production of an asset which takes a significant time to complete for use or sale. The alternative of immediately booking these loan costs as costs will be removed. The Group will apply IAS 23 (Revised) commencing January 1, 2009.
- IAS 27 (Revised) Consolidated and Separate Financial Statements: This change enters into force on January 1, 2009 but is still subject to the EU's approval process. The change entails, among other things, that profit/loss relating to minority shareholders must always be reported even if this entails that the minority share is negative, that transactions with minority shareholders must always be reported under shareholders' equity, and that in those cases where a parent company loses its controlling influence, any remaining share must be revalued to actual value. IAS 27 (Revised) will affect the reporting of future transactions.
- IFRS 3 (Revised) Business Combinations: This change enters into force on July 1, 2009 but is still subject to the EU's approval process. The change will apply to future acquisitions after the date of entry into force. The application will entail a change in the manner in which future acquisitions are reported, among other things regarding reporting of transaction costs, any conditional purchase price, and step acquisitions. The Group will apply IFRS 3 (Revised) commencing the financial year beginning on January 1, 2010. The change will have no effect on previously implemented acquisitions, but will affect the reporting of any future acquisitions.
- IFRS 8, (Operating Segments): This standard enters into force on January 1, 2009 and replaces IAS 14. The new standard requires segment information to be presented based on the management's perspective, entailing that it is presented in the manner used in the internal reporting. The Group will apply IFRS 8 commencing January 1, 2009.

Consolidated financial statements

The consolidated financial statements cover SSAB Svenskt Stål AB 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% 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% and 50% of the voting capital. Those 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 a subsidiary 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 consist of 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 for the net assets of the acquired subsidiary, the difference is reported directly in the income statement.

Acquired companies are included in the consolidated financial statements commencing the day on which a controlling influence is obtained, while sold companies are reported up to the day 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 the need to write-down the transferred asset. The accounting principles for subsidiaries have, where appropriate, 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 sold businesses is reported under the heading "Acquisition/sale of companies/businesses". The assets and liabilities of the acquired/sold companies at the time of the acquisition/sale are, therefore, 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 value of the shares in affiliated companies and joint ventures as booked in the Group 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. The Group's share in the results of affiliated companies and joint ventures 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" comprises 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 reports 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 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 Group's equity 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 equity 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. Intra-Group sales are eliminated in the consolidated financial statements.

With respect to other revenue, interest revenue is reported in accordance with the effective yield and dividends are reported when the entitlement to the dividend is believed to be certain. 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. However, deliveries of slabs from SSAB Oxelösund to SSAB Tunplåt take place at cost price.

State aid

State aid 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.

State aid 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. At present there are no such projects and thus development expenditures are also booked as expenses.

Expenses for development of software

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 where they can be deemed to have a useful life in excess of three years. Expenses for training and software maintenance are, however, booked directly as expenses.

Tangible assets

Tangible assets are reported at acquisition value less deductions for accumulated depreciation and any accumulated write-downs. Depreciation is based on the acquisition value of the assets and estimated useful life. If major investments include components, an assessment shall always be made whether the useful life of the component differs from that of the entire facility. The acquisition value includes expenses directly attributable to the acquisition of the asset. Any loan expenses in conjunction with the construction and design of fixed assets are not added to the acquisition expenses but, rather, booked as expenses when incurred. Restoration expenses in connection with sales of fixed assets are included in the acquisition value only where the criteria for a provision for such restoration expenses may be deemed fulfilled. Additional expenses are added to the reported value of the fixed asset or reported 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 deleted from the balance sheet. All other forms of repairs and maintenance are reported 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 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 | |
| Relining of blast furnaces | 12–15 |
| Steel furnaces, rolling mills and cranes | 15–20 |
| Blast furnaces and coke ovens | 15–20 |
| Land improvements | 20 |
| Buildings | 25–50 |

The useful life of the assets is assessed annually and adjusted where required. The assets are normally depreciated to zero without any remaining residual value.

The linear depreciation method is used for all types of fixed 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 fixed assets are determined by comparing the revenue from the sale with the reported value; this is reported in the income statement as “Other operating revenue” or “Other operating expenses”.

Intangible assets

Similarly, intangible assets are classified in two groups, with assets with a limited useful life being amortized over a determined useful life, while assets with an unlimited useful life are not amortized at all.

Goodwill

Goodwill comprises the amount by which the acquisition value 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 reviewed annually to identify any need for a write-down and reported at acquisition value less accumulated write-downs. Write-downs of goodwill are 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 assessing the need for a write-down, 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 combination which gave rise to the goodwill item.

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. Linear amortization is applied to allocate the costs for customer relations over their assessed useful life (ten to twenty 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. Linear 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 linearly over the assessed useful life (three to five years).

Other intangible assets

Other intangible assets are reported at acquisition value less accumulated amortization. Linear amortization is applied to allocate the costs over their assessed useful life (five to fifteen years).

Write-downs of non-financial assets

Intangible assets with an unlimited useful life (including goodwill) are not amortized but, rather, reviewed annually for any impairment or otherwise where signs indicate impairment. Other non-financial assets with an unlimited useful life are tested when signs indicate impairment. Amortized assets are assessed with respect to impairment when signs indicate impairment. Where the estimated recovery value is less than the reported value, the asset is written down to the recovery value. Review of the value of an asset with an unlimited useful life may also result in the asset being reclassified as an asset with a limited 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 sales costs, or its useful value, whichever is higher. When assessing the need for write-down, 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 written down, an annual review is conducted whether recovery should take place.

Leased assets

Expenses for fixed assets that are leased instead of owned are reported primarily as lease expenses linearly

over the leasing period (operational leasing). Where lease 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 'Fixed Assets' and depreciated over the useful life (the shorter of the economic life and the outstanding leasing period). At the beginning of the leasing period, financial leasing is reported in the balance sheet at the lower of the leased object's fair value and the present value of the minimum leasing charges. Each lease payment is allocated between interest 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 "Long-term interest-bearing liabilities".

In the parent company, all lease agreements are reported as operational.

Financial assets

Financial assets include liquid assets, accounts receivable, shares and participations, loan claims and derivative instruments. They are reported initially at 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 categories: "assets at fair value through the income statement", "held to maturity", "loans and receivables" and "available-for-sale".

- *Assets at fair value through the income statement:* assets that are acquired primarily in order to enjoy profits upon short-term price fluctuations, holdings for trading, are classified as "Assets at fair value

through the income statement" and reported as short-term investments if the 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. Assets in this category as 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 fixed assets.

- *Held to maturity:* assets with a fixed maturity date and which are intended to be held until maturity are classified as "held to maturity" and reported as financial assets, except for 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 annual rate of interest, which is calculated on the acquisition date. During the year, the Group held no instruments in this category.
- *Loans and receivables:* are financial assets that are not derivatives, 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 maturity dates more than twelve months after the balance sheet date, which are classified as fixed 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 assets. Assets in this category are valued regularly at the fair value with changes in value against equity. Upon removal of the investments from the balance sheet, any previously reported accumulated profit or loss in equity is transferred 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 fixed assets.

Other shares and participations

Consist primarily of unlisted holdings and belong to the category of assets at fair value through the income statement.

Long-term receivables

Long-term 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, "Loans and receivables".

Accounts receivable

Accounts receivable are classified in the category, "Loans and receivables". 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 annual interest rate method, less any provisions for reduction in value. In 2007, the Company had no accounts receivable with a due date in excess of twelve months.

Liquid assets

Liquid assets include cash, immediately accessible bank balances as well as other money market instruments 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 at fair value through the income statement. Overdraft facilities are reported in the balance sheet as borrowing among "Current interest-bearing liabilities".

Write-down of financial assets

The Group regularly assesses whether there is any objective evidence for the need to write-down a financial asset or a group of financial assets. With respect to assets classified as assets available for sale, a significant or prolonged decline in the fair value of a share to a level below its acquisition value is considered to be an indication of the need for a write-down. If such evidence exists with respect to financial assets available for sale, the accumulated loss – calculated as the difference between the acquisition value and the current fair value, less any previous write-downs reported in the income statement – is deleted from equity and reported in the income statement. Write-downs of equity instruments, which are reported in the income statement, are not reversed in the income statement. Assessments of the need for a write-down of accounts receivable are based on an individual

assessment of doubtful receivables. 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 at an effective annual rate of interest. The remaining amount is reported in the income statement.

Inventories

Inventories are valued at the lower of acquisition cost and net realizable value, where the acquisition value is calculated in accordance with the FIFO method (first in, first out). The net realizable value is normally calculated as the sales price less production and selling expenses. 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. 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 lower of the manufacturing cost and the net realizable value. Necessary provisions are 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 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 top-rated corporate bonds or government 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 staff 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 the respective country.

Profit shares and variable salary

All 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 also have salaries which contain a variable element related to the profit level. The costs for these systems are booked as accrued expenses regularly during the year as soon as it is likely that the profit level will exceed the profit threshold requirement.

Share-related compensation

A number of senior executives at IPSCO participate in a long-term incentive program. When calculating the outcome, one component is linked to the increase in shareholder value of SSAB's class A share. There is a ceiling for the outcome in relation to fixed salary and the entire compensation is settled in cash. The fair value of the undertaking is valued annually in connection with the annual accounts.

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 where 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 measures.

Emission rights

SSAB participates in the EU's emission rights trading system. The emission rights are valued initially at acquisition value. 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.

Environmental restoration expenses

Expenses for environmental restoration 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 is 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 derivatives. They are reported initially at an acquisition value corresponding to the net fair value of the debt after deductions for transaction costs. Reporting thereafter takes place depending on the manner in which 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.

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 annual rate of interest 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. Long-term 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, in conjunction with major investments in foreign currency, to hedge net investments in foreign subsidiaries, and to hedge Swedish kronor payment flows on foreign loans. Derivatives 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 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 efficient in counter-acting 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 fixed asset or long-term liability when the outstanding term of the hedged item is more than 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.
- *Cash flow hedging:* Changes in fair value of derivative instruments which are characterized as, and meet the requirements for, cash flow hedging are reported in equity as hedging reserves until such time as the hedged interest is entered in the books. When the hedged interest is entered in the books, the result from the derivative instrument is also reported in the income statement. However, where a planned transaction is no longer expected to occur, the profit or loss attributed thus far to the hedging reserve is transferred immediately to the income statement. Where a part or all of the hedging fails to meet the conditions for effective hedging, the profit or loss is transferred immediately to the income statement.
- *Net investment hedging:* Hedging of net investments in foreign companies is reported in the same manner as cash flow hedging. Changes in value of derivative instruments are reported in the translation reserve in equity. Accumulated profits and losses in equity are reported in the income statement at the time the foreign operations are divested, in whole or in part.

- Certain derivative transactions do not meet the formal criteria for hedge accounting. Changes in fair value with respect to such derivatives are reported in the income statement.

Derivative instruments with respect to items related to the operations are reported among "Other operating revenues"/ "Other operating expenses", whereas 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 prevailing forward contract prices on the balance sheet day, 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 consequence 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 the value for accounting purposes (temporary differences), applying the future tax rates already decided upon or announced which will apply at the time it is expected that the tax will be realized.

Temporary differences arise primarily through accelerated depreciation of fixed assets, profits from intra-Group inventory transactions, untaxed reserves in the form of tax allocation reserves and non-utilized losses carried forward. A deferred tax claim due to losses carried forward is, however, recognized as an asset only to the extent that it is likely that deductions can be made 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 on payment of the dividend.

Dividend, the parent company

Anticipated dividends are reported in those cases where the parent company is entitled exclusively 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 and the tax consequences thereof are reported directly against equity and thus do not affect the result.

Cash flow statement

The cash flow statement is prepared in accordance with the indirect method. Liquid assets 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

Business areas

The Group is organized into separate divisions and sub-groups: the Strip Products Division, the Plate Division, the IPSCO Division, and Tibnor. In addition, there is Plannja (which is no longer reported as a separate business area) and a number of foreign sales companies that are owned directly by the parent company. The business areas constitute the primary basis for subdivision and, since they are separate legal entities, the presentations in Note 26 are based on their complete financial statements. A detailed description of the business areas and their operations is presented on pages 25–37.

Fixed assets held for sale

Fixed assets (or divestment groups) are classified as Fixed assets held for sale and reported at the reported value or fair value less deduction for selling expenses, whichever is lower, if the book value is primarily recovered through a sales transaction and not through constant use.

1 SALES AND OTHER OPERATING REVENUE

| Sales per product area SEK millions | Group | |
|--|---------------|---------------|
| | 2007 | 2006 |
| Hot-rolled strip | 8,863 | 7,694 |
| Cold-rolled and metal-coated strip | 4,665 | 4,746 |
| Organic-coated and profiled strip | 4,310 | 3,766 |
| Plate | 15,064 | 7,492 |
| Tubulars | 6,136 | – |
| Trading operations | 6,833 | 6,162 |
| Slabs | 139 | 138 |
| Byproducts and scrap | 1,636 | 1,056 |
| Other | 5 | – |
| Total | 47,651 | 31,054 |

Sales broken down by business area and geographic market are shown in the Group Review on page 9 and in Note 26.

| Other operating revenue SEK millions | Group | | Parent Company | |
|---|------------|------------|----------------|----------|
| | 2007 | 2006 | 2007 | 2006 |
| Sales of purchased energy and media | 126 | 88 | – | – |
| Net exchange gains | 140 | 41 | – | – |
| Profit upon sale of emission rights | 38 | – | 38 | – |
| Profit upon sale of companies and businesses *) | 90 | 164 | – | – |
| Profit upon sale of fixed assets | 13 | 4 | 0 | 0 |
| Other | 176 | 82 | 1 | 2 |
| Total | 583 | 379 | 39 | 2 |

*) For 2007 relates to capital gains on the sale of a small number of property companies by Tibnor and, for 2006, primarily to a capital gain of SEK 77 million on the sale of the affiliated company, Cogent Power, and capital gains of SEK 85 million on the sale of two property companies.

2 OPERATING EXPENSES

| Type of cost SEK millions | Group | | Parent Company | |
|--|---------------|---------------|----------------|------------|
| | 2007 | 2006 | 2007 | 2006 |
| Raw materials in the steel operations | 11,326 | 7,156 | – | – |
| Purchased products and other input materials in the steel operations | 5,154 | 1,935 | – | – |
| Purchased products in the processing and trading operations | 6,835 | 6,403 | – | – |
| Materials and services | 5,780 | 3,856 | 52 | 33 |
| Energy | 2,234 | 1,500 | – | – |
| Compensation to employees | 6,645 | 4,223 | 72 | 56 |
| Depreciation and write-downs | 2,046 | 963 | 0 | 0 |
| Inventory surplus value booked as cost | 1,019 | – | – | – |
| Change in inventory | – 765 | – 438 | – | – |
| Other | – 1 | 20 | 43 | 22 |
| Total | 40,273 | 25,618 | 167 | 111 |

Fees and compensation to accounting firms:

| Fees for audits and related services | | | | |
|---|-----------|----------|----------|----------|
| PricewaterhouseCoopers | 9 | 4 | 6 | 2 |
| KPMG | 1 | 1 | – | – |
| Ernst & Young | 8 | 0 | – | – |
| Other | 1 | 1 | – | – |
| Total expenses for audits and related services | 19 | 6 | 6 | 2 |

Continuation of note 2 on next page.

2 OPERATING EXPENSES, CONTINUATION

| Other compensation to accounting firms SEK millions | Group | | Parent Company | |
|--|-------|------|----------------|------|
| | 2007 | 2006 | 2007 | 2006 |
| PricewaterhouseCoopers ¹⁾ | 40 | 2 | 39 | 1 |
| KPMG | 11 | 0 | 0 | – |
| Ernst & Young | 5 | 0 | 2 | 0 |
| Other | 2 | 1 | 0 | 0 |
| Total other compensation | 58 | 3 | 41 | 1 |

¹⁾ In addition to the audit, "Other compensation" to PricewaterhouseCoopers for 2007 relates primarily to services in connection with the acquisition of IPSCO. For 2005, "Other compensation" amounted to SEK 3 million.

Operating expenses have been reduced by the following State aid:

| SEK millions | Group | | Parent Company | |
|-----------------|-------|------|----------------|------|
| | 2007 | 2006 | 2007 | 2006 |
| Freight support | 13 | 14 | – | – |
| Other | 3 | 3 | – | – |
| Total | 16 | 17 | – | – |

| Compensation to employees SEK millions | Directors, Presidents, and Executive Vice Presidents | | Other employees | |
|---|---|------|--------------------|-------|
| | 2007 | 2006 | 2007 | 2006 |
| Parent company ¹⁾ | 14 | 17 | 29 | 13 |
| Subsidiaries in Sweden | 21 | 18 | 2,501 | 2,394 |
| Subsidiaries outside Sweden: | | | | |
| USA | 5 | 1 | 1,075 | 20 |
| Canada | 1 | 1 | 451 | 22 |
| Denmark | 2 | 4 | 71 | 64 |
| Finland | 3 | 3 | 47 | 42 |
| France | 0 | 0 | 10 | 9 |
| Germany | 0 | 0 | 23 | 23 |
| Great Britain | 1 | 1 | 23 | 20 |
| Italy | 3 | 3 | 19 | 20 |
| Netherlands | 0 | 1 | 0 | 10 |
| Norway | 3 | 3 | 17 | 14 |
| Poland | 6 | 4 | 19 | 13 |
| South Africa | 0 | 0 | 25 | 22 |
| Other countries | 3 | 2 | 51 | 33 |
| Total wages and salaries ²⁾ | 62 | 58 | 4,361 | 2,719 |
| Social security expenses | 25 | 34 | 1,812 | 1,168 |
| (of which, pension expenses) | (12) | (21) | (722) | (331) |
| Profit-sharing scheme | 1 | 1 | 348 | 224 |
| Other expenses for benefits to employees | 1 | 1 | 35 | 18 |
| Total compensation to employees | 89 | 94 | 6,556 | 4,129 |

¹⁾ Relates only to personnel employed and working within the parent company. Personnel in certain of the larger subsidiaries are formally employed in the parent company but are reported in terms of number (Note 19) and expense in the respective subsidiary.

²⁾ Total wages and salaries include profit-based salaries to Presidents and Executive Vice Presidents in the amount of SEK 8 (7) million, of which SEK 4 (5) million in the parent company.

Continuation of note 2 on next page.

2 OPERATING EXPENSES, CONTINUATION

Terms of employment for the Group's senior executives

Board of Directors

The general meeting decides upon fees to the Chairman of the Board and the Directors who are elected by General Meeting. The Chairman's fee was SEK 1,025 (950) thousand and, to Directors (excluding the CEO), to SEK 375 (350) thousand.

In addition, members of board committees received SEK 50,000 for each committee on which the member served, with the exception of the chairman of the Audit Committee, who instead received SEK 75,000. In total, SEK 3,550 (3,300) thousand was paid in fees to the board of directors.

| Director | Fees | | | |
|-----------------------------------|---------|---------------|------------|----------------|
| | Elected | Position | Board fees | Committee fees |
| Elected by General Meeting | | | | |
| Sverker Martin-Löf | 2003 | Chairman | 1,025,000 | 100,000 |
| Carl Bennet | 2004 | Director | 375,000 | – |
| Anders G Carlberg | 1986 | Director | 375,000 | 75,000 |
| Olof Faxander | 2006 | Director, CEO | – | – |
| Marianne Nivert | 2002 | Director | 375,000 | 50,000 |
| Anders Nyrén | 2003 | Director | 375,000 | 50,000 |
| Matti Sundberg | 2004 | Director | 375,000 | – |
| Lars Westerberg | 2006 | Director | 375,000 | – |

Salaries and compensation for the CEO and other senior executives

According to a resolution adopted by the annual general meeting in March 2007, the CEO and other persons in the Company's management shall receive compensation comprising fixed salary, possible variable compensation, other benefits, and pension. "Other persons in the Company's management" means members of the Group Executive Committee in addition to the CEO. The total compensation package shall be on market terms and competitive on the employment market on which the executive works. The fixed salary and variable compensation shall be related to the executive's responsibilities and authority. The variable compensation shall be based on the results relative to defined and measurable targets and shall be subject to a ceiling relative to the fixed compensation. Variable compensation shall not be included in the computation of pension rights. Senior executives must give six months' notice of termination of employment. In the event of termination by the Company, the total termination period and the period during which severance compensation is payable shall not exceed 24 months. Pension benefits are determined either as benefit-based or contribution-based, or a combination thereof, with individual retirement ages, however under no circumstances below the age of 60. Benefit-based pension benefits are conditional on the benefit being earned during a predetermined period of employment. If the employment terminates prior to retirement age, the executive shall receive a paid-up policy regarding earned pension. Termination period and severance compensation for senior executives outside Sweden 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.

Within the Board of Directors there is a compensation committee which issues proposals regarding the salary and other employment terms and conditions for the CEO, determines the salary and other employment terms and conditions for Group Executive Committee and, based on a guidelines decided upon by the General Meeting, also establishes salary and employment terms and conditions for other members of

the Group Executive Committee. The committee consists of Sverker Martin-Löf (chairman) and Anders Nyrén. The CEO is a co-opted member of the committee but does not participate in discussions concerning his own salary and employment terms and conditions.

Compensation to the CEO and other members of Group Executive Committee consists of fixed and variable salary components. For the members of the Group Executive Committee stationed in Sweden, the variable salary component is linked to the Group's return on equity and may not exceed a given percentage of fixed salary, which varies between 45 and 50%. There is no share-related compensation.

In connection with the acquisition of IPSCO, the Board of Directors decided on a temporary incentive program for a number of key persons stationed in Sweden who are engaged in the integration of the IPSCO Division, among others the Swedish members of the Group Executive Committee, including the CEO. This temporary incentive program consists of variable compensation and applies as a supplement to the already existing variable salary component. For the Swedish members of the Group Executive Committee, the incentive program applies during a maximum of two years commencing July 2007 and shall not exceed 100% of each member's fixed annual salary. The amount payable depends on the degree to which a number of established targets are achieved as regards the integration of the IPSCO Division into SSAB's operations. Any outcome will be paid in cash, on one occasion in 2008 and on one occasion in 2009. In the event a participant in the incentive program is required to leave his employment as a consequence of any radical change in SSAB's ownership structure, the conditions for disbursement of the temporary variable compensation will be deemed fulfilled.

The member of the Group Executive Committee who is stationed outside Sweden receives compensation in line with the employment conditions that applied to him prior to the acquisition of IPSCO, which conditions are considered to be competitive from an American perspective. He receives a fixed basic salary and, in addition, annual variable compensation which varies depending on the IPSCO Division's results compared with a number of comparable steel companies. His

Continuation of note 2 on next page.

2 OPERATING EXPENSES, CONTINUATION

annual variable compensation is subject to a ceiling relative to the fixed salary. The target result is 70% of fixed salary but, in the event of extremely high profitability, may amount to a maximum of 400%. In addition, during his employment he is entitled to participate in IPSCO's long-term incentive program. The result depends on IPSCO's return on capital employed, IPSCO's net earnings and a component which is related to the increase in the shareholder value of SSAB's class A share. The outcome is subject to a ceiling relative to fixed salary. Fully developed, the plan has a target outcome of 125% of fixed annual salary, but in the event of extreme results may amount to a maximum of just over 550%. The first payment under the long-term incentive program will take place in cash after three years, solely on condition that the member remains in employment. Finally, he shall receive a retention bonus of USD 250,000 in the event he remains in his employment one year after the acquisition and a further USD 250,000 in the event he remains in his employment two years after the acquisition.

President and Chief Executive Officer

Olof Faxander's total compensation excluding pension amounted to SEK 6.8 (5.6) million, of which SEK 2.2 (1.8) million consisted of the profit-related ordinary variable salary component, which will be paid out in 2008 (2007).

The minimum retirement age is 60. The pension is based on contributions and covered by insurance. The cost amounted to 29 (29)% of fixed salary. Earned pension is inviolable, but

premium payments cease upon termination of the employment.

There is a 24-month period of notice in the event of dismissal by the Company, while the CEO must give 6 months' notice of termination.

Other Group Executive Committee members

Apart from the CEO, the Group Executive Committee at the beginning of the year comprised 4 persons. During the year, a further 4 persons were added, namely Ola Hägglund, John Tulloch, Helena Stålnert, and Martin Pei. 12 December 2007 K-G Ramström succeeded Ola Hägglund. The current Group Executive Committee is presented on pages 96–97.

The retirement age is 65 for other members of the Group Executive Committee stationed in Sweden. Pensions are based on contributions. For members of the Group Executive Committee stationed in Sweden, there is a 12-month notice period in the event of dismissal by the Company. In addition, in such a situation severance payments are payable equivalent to 0–12 months' salary. Members of Group Executive Committee must give 6 months' notice of termination, whereupon there is no entitlement to severance compensation.

For the member of the Group Executive Committee stationed outside Sweden, other rules apply with respect to pension, termination periods and severance compensation in accordance with US legislation and practice.

Total compensation and benefits are shown in the table below.

| Compensation and benefits for the CEO and other members of the Group Executive Committee SEK millions | CEO ¹⁾ | | Other Group Executive Committee | |
|--|-------------------|------|---------------------------------|------|
| | 2007 | 2006 | 2007 | 2006 |
| Basic salary | 4.5 | 6.5 | 11.2 | 8.4 |
| Other benefits ²⁾ | 0.1 | 0.3 | 0.5 | 0.5 |
| Variable compensation ³⁾ | 2.2 | 3.0 | 7.2 | 4.4 |
| Pension expenses | 1.3 | 5.3 | 5.5 | 2.5 |
| Other compensation ⁴⁾ | – | – | – | 8.1 |
| Total compensation to CEO and other Group Executive Committee members | 8.1 | 15.1 | 24.4 | 23.9 |

¹⁾ For 2006 relates to both Olof Faxander and Anders Ullberg.

²⁾ Relates primarily to car and gasoline benefits.

³⁾ Relates to expenses for each financial year, which are disbursed the following year.

⁴⁾ For 2006, comprised severance compensation and pension agreements for resigning members of the Group Executive Committee.

3 AFFILIATED COMPANIES AND JOINT VENTURES

| Share of earnings and share of equity SEK millions | Share of earnings after tax | | Share of equity | |
|---|-----------------------------|------|-----------------|------|
| | 2007 | 2006 | 2007 | 2006 |
| Cogent Power Ltd ¹⁾ | – | 26 | – | – |
| Lulekraft AB | 0 | 0 | 10 | 10 |
| Norsk Stål A/S | 81 | 87 | 212 | 175 |
| Norsk Stål Tynnplater A/S | 6 | 15 | 47 | 43 |
| Oxelösunds Hamn AB | 10 | 8 | 63 | 55 |
| Blastech Mobile LLC | 3 | – | 21 | – |
| Total | 100 | 136 | 353 | 283 |

Continuation of note 3 on next page.

3 AFFILIATED COMPANIES AND JOINT VENTURES, CONTINUATION

| Share of sales and assets SEK millions | Share of sale | | Share of assets | |
|---|---------------|-------|-----------------|------|
| | 2007 | 2006 | 2007 | 2006 |
| Cogent Power Ltd ¹⁾ | – | 657 | – | – |
| Lulekraft AB | 182 | 179 | 89 | 91 |
| Norsk Stål A/S | 1,702 | 1,469 | 484 | 428 |
| Norsk Stål Tynnplater A/S | 405 | 356 | 156 | 148 |
| Oxelösunds Hamn AB | 117 | 109 | 106 | 93 |
| Blastech Mobile LLC | 14 | – | 23 | – |
| Total | 2,420 | 2,770 | 858 | 760 |

¹⁾ The 25% stake in Cogent Power Ltd was sold in 2006.

Affiliated companies are presented in detail in the Report of the Directors on page 37.

| Receivables from affiliated companies and joint ventures SEK millions | Group | | Parent Company | |
|--|-------|------|----------------|------|
| | 2007 | 2006 | 2007 | 2006 |
| Included in balance sheet items: | | | | |
| Accounts receivable | 73 | 85 | – | – |
| Prepaid expenses and accrued revenue | 5 | 0 | – | – |
| Total | 78 | 85 | – | – |

| Liabilities to affiliated companies and joint ventures SEK millions | Group | | Parent Company | |
|--|-------|------|----------------|------|
| | 2007 | 2006 | 2007 | 2006 |
| Included in balance sheet items: | | | | |
| Accounts payable | 2 | 53 | – | – |
| Accrued expenses and deferred revenue | 3 | 60 | – | – |
| Total | 5 | 113 | – | – |

There were no transactions with the joint venture company during the year. The following transactions with affiliated companies occurred during the year.

Cogent Power purchased steel from SSAB Tunnpålat for SEK 0 (202) million. Lulekraft purchased gas from SSAB Tunnpålat for SEK 327 (312) million and resold electricity for SEK 263 (147) million. Norsk Stål and Norsk Stål Tynnplater purchased steel from the steel operations for SEK 411 (308) million. Oxelösunds Hamn sold port services to SSAB Oxelösund for SEK 184 (158) million and purchased other services for SEK 13 (11) million. The transactions took place at arm's length prices.

4 FINANCIAL ITEMS

| Group SEK millions | 2007 | 2006 |
|---|----------------|------|
| Financial revenue | | |
| Interest revenue | 140 | 70 |
| Dividends | – | 2 |
| Net profit upon sale of disposable financial assets | 0 | 0 |
| Net revaluation of financial assets/liabilities | 96 | – |
| Net exchange rate differences | 8 | 19 |
| Other | 5 | 5 |
| Total financial revenue | 249 | 96 |
| Financial expenses | | |
| Interest expenses | 1,764 | 88 |
| Estimated financial expenses, pension liabilities | 4 | 4 |
| Other | 143 | 6 |
| Total financial expenses | 1,911 | 98 |
| Financial revenue and expenses | – 1,662 | – 2 |

| Parent company SEK millions | 2007 | 2006 |
|--|--------------|-------|
| Financial Revenue | | |
| Dividends from subsidiaries ¹⁾ | 4,615 | 6,665 |
| Dividends from affiliated companies | 64 | 49 |
| Profit from other securities and claims which constitute fixed assets | | |
| Other interest revenue | – | 0 |
| Capital gains upon divestments | – | 0 |
| Other interest revenue and similar revenue | | |
| Interest revenue from subsidiaries | 1,217 | 145 |
| Other interest revenue | 83 | 43 |
| Exchange rate differences | 96 | 16 |
| Total financial revenue | 6,075 | 6,918 |
| Financial expenses | | |
| Interest expenses to subsidiaries | 41 | 25 |
| Other interest expenses | 1,359 | 75 |
| Estimated financial expenses, pension liabilities | 0 | 0 |
| Other | 6 | 0 |
| Total financial expenses | 1,406 | 100 |
| Financial revenue and expenses | 4,669 | 6,818 |

¹⁾ For 2007, includes an anticipated dividend of SEK 4,040 (3,470) million.

5 TAXES

| Tax expenses SEK millions | Group | | Parent Company | |
|--------------------------------|-------|-------|----------------|------|
| | 2007 | 2006 | 2007 | 2006 |
| Swedish corporate income taxes | 1,329 | 1,527 | - 43 | - 2 |
| Foreign corporate income taxes | 1,077 | 127 | - | - |
| Total current tax expenses | 2,406 | 1,654 | - 43 | - 2 |
| Deferred taxes | - 692 | - 46 | 0 | - 1 |
| Reported tax expenses | 1,714 | 1,608 | - 43 | - 3 |

| Reconciliation of tax rates % | Group | | Parent Company | |
|--|-------|------|----------------|------|
| | 2007 | 2006 | 2007 | 2006 |
| Applicable tax rate in Sweden | 28 | 28 | 28 | 28 |
| Tax effect of: | | | | |
| non-deductible expenses | 1 | 0 | 0 | 0 |
| non-taxable divestments | - 1 | - 1 | - | - |
| other non-taxable revenue ^{*)} | 0 | 0 | - 29 | - 28 |
| other tax rates applicable to foreign subsidiaries | - 1 | 1 | - | - |
| taxes relating to an earlier period | 0 | 0 | 0 | 0 |
| losses carried forward which it is believed cannot be utilized | 0 | 0 | - | - |
| previous non-booked tax claims for losses carried forward | 0 | 0 | - | - |
| Effective tax rate | 27 | 28 | - 1 | 0 |

^{*)} The parent company's other non-taxable revenue consists primarily of dividends from subsidiaries.

The tax for the year, SEK 1,714 (1,608) million, consists of current tax of SEK 2,406 (1,654) million and deferred tax of SEK - 692 (- 46) million. The effective tax rate for the Group was 27 (28)%. The low tax rate is due to a negative result from a tax perspective in North America (after charges due to surplus values on inventory and write-off of surplus values) as well as tax-exempt capital gains upon the divestment of companies.

6 INTANGIBLE ASSETS

| Group SEK millions | Customer relations | Non- competes agreements | Trade marks | Patents, licenses, technology and other rights | Goodwill | Total intangible assets |
|--|-----------------------|--------------------------------|----------------|--|----------|-------------------------------|
| Acquisition value, Jan. 1, 2006 | - | - | - | 67 | - | 67 |
| Acquisitions | - | - | - | 0 | - | 0 |
| Sales and disposals | - | - | - | - 3 | - | - 3 |
| Translation differences | - | - | - | - 1 | - | - 1 |
| Acquisition value, Dec. 31, 2006 | - | - | - | 63 | - | 63 |
| Acquisition value, Jan. 1, 2007 | - | - | - | 63 | - | 63 |
| Acquisitions | - | - | - | 7 | - | 7 |
| Increase through acquisition of businesses | 10,823 | 93 | 154 | 66 | 30,462 | 41,598 |
| Sales and disposals | - | - | - | 0 | - | 0 |
| Reclassifications | - | - | - | - | - | - |
| Translation differences | - 231 | - 3 | - 5 | 0 | - 259 | - 498 |
| Acquisition value, Dec. 31, 2007 | 10,592 | 90 | 149 | 136 | 30,203 | 41,170 |

Continuation of note 6 on next page.

6 INTANGIBLE ASSETS, CONTINUATION

| Group SEK millions | Customer relations | Non- compete agreements | Trade marks | Patents, licenses, technology and other rights | Goodwill | Total intangible assets |
|---------------------------------------|-----------------------|-------------------------------|----------------|--|---------------|-------------------------------|
| Accum. depreciation, Jan. 1, 2006 | – | – | – | 55 | – | 55 |
| Sales and disposals | – | – | – | – 3 | – | – 3 |
| Depreciation/write-downs for the year | – | – | – | 1 | – | 1 |
| Reclassifications | – | – | – | – | – | – |
| Translation differences | – | – | – | 0 | – | 0 |
| Accum. depreciation, Dec. 31, 2006 | – | – | – | 53 | – | 53 |
| Accum. depreciation, Jan. 1, 2007 | – | – | – | 53 | – | 53 |
| Sales and disposals | – | – | – | 0 | – | 0 |
| Depreciation for the year | 445 | 17 | 12 | 2 | – | 476 |
| Reclassifications | – | – | – | 0 | – | 0 |
| Translation differences | – 7 | – 0 | – 1 | 1 | – | – 7 |
| Accum. depreciation, Dec. 31, 2007 | 438 | 17 | 11 | 56 | – | 522 |
| Book value, Dec. 31, 2006 | – | – | – | 10 | – | 10 |
| Book value, Dec. 31, 2007 | 10,154 | 73 | 138 | 80 | 30,203 | 40,648 |

Depreciation for the year is included in the income statement in the amount of SEK 474 (1) million in costs of goods sold; SEK 0 (0) million in administrative expenses; and SEK 2 (0) million in other operating expenses.

As a method for curtailing carbon dioxide emissions, in 2005 the EU introduced a system of emission rights. For the period 2005–07, the Group was allocated 19.9 million tonnes of emission rights, of which 6.2 million tonnes were used during the year, and 11.5 million during 2005–2006. Of the remaining surplus, 1.6 million tonnes were sold during the year, while the remaining non-utilized rights of 0.6 million tonnes will be returned. The emission rights reported as intangible assets are booked at the acquisition value of zero. Sold rights have generated a profit of SEK 38 million.

There are no internally worked-up assets.

Assessment of need for write-down of goodwill

Work is underway on conclusively allocating the acquisition value of IPSCO and, due to the complex structure, will only be completed during 2008. Pending the production of the final values, it has not been possible to carry out any test of the need for write-downs. Such a test will be carried out as soon as the allocation is completed.

During 2007, the conclusive allocation of the acquisition value of Steinwalls was carried out, with goodwill amounting to SEK 60 million (Note 24). No significant events have occurred during the year since the acquisition and no need for any write-down is deemed to exist.

7 TANGIBLE ASSETS

| Group SEK millions | Land and land improve/ ments | Buildings | Machinery | Equipment, tools, fixtures and fittings | Construction in progress and advances to suppliers | Total tangible assets |
|--|---------------------------------------|--------------|---------------|--|---|-----------------------------|
| Acquisition value, Jan. 1, 2006 | 352 | 2,595 | 16,399 | 880 | 513 | 20,739 |
| Acquisitions | 7 | 59 | 843 | 50 | 448 | 1,407 |
| Increase through acquisition of businesses | – | – | – | – | – | – |
| Sales and disposals | – 5 | – 75 | – 335 | – 49 | – 1 | – 465 |
| Reclassifications | 1 | 0 | – 14 | 24 | – 11 | – |
| Translation differences | – 1 | – 4 | – 16 | – 6 | 0 | – 27 |
| Acquisition value, Dec. 31, 2006 | 354 | 2,575 | 16,877 | 899 | 949 | 21,654 |
| Acquisition value, Jan. 1, 2007 | 354 | 2,575 | 16,877 | 899 | 949 | 21,654 |
| Acquisitions | 31 | 208 | 1,455 | 79 | 1,037 | 2,810 |
| Increase through acquisition of businesses | 631 | 848 | 11,331 | 77 | 1,080 | 13,967 |
| Sales and disposals | – 42 | – 208 | – 158 | – 86 | – 1 | – 495 |
| Reclassifications | 3 | 2 | 48 | – 28 | – 25 | 0 |
| Translation differences | – 10 | – 3 | – 49 | 8 | – 9 | – 63 |
| Acquisition value, Dec. 31, 2007 | 967 | 3,422 | 29,504 | 949 | 3,031 | 37,873 |
| Accum. depreciation, Jan. 1, 2006 | 60 | 1,608 | 10,743 | 677 | – | 13,088 |
| Sales and disposals | – 1 | – 28 | – 262 | – 43 | – | – 334 |
| Reclassifications | 0 | – | 0 | 0 | – | 0 |
| Depreciation for the year | 8 | 88 | 787 | 78 | – | 961 |
| Translation differences | 0 | – 3 | – 16 | – 5 | – | – 24 |
| Accum. depreciation, Dec. 31, 2006 | 67 | 1,665 | 11,252 | 707 | – | 13,691 |
| Accum. depreciation, Jan. 1, 2007 | 67 | 1,665 | 11,252 | 707 | – | 13,691 |
| Sales and disposals | – 12 | – 119 | – 155 | – 76 | – | – 362 |
| Reclassifications | 0 | 0 | 48 | – 48 | – | 0 |
| Depreciation for the year | 9 | 105 | 1,380 | 76 | – | 1,570 |
| Translation differences | 2 | 23 | 126 | 5 | – | 156 |
| Accum. depreciation, Dec. 31, 2007 | 66 | 1,674 | 12,651 | 664 | – | 15,055 |
| Accum. write-downs, Jan. 1, 2006 | – | – | – | – | – | – |
| Write-downs for the year | 1 | – | – | – | – | 1 |
| Accum. write-downs, Dec. 31, 2006 | 1 | – | – | – | – | 1 |
| Accum. write-downs, Jan. 1, 2007 | 1 | – | – | – | – | – |
| Write downs for the year | – | – | – | – | – | 1 |
| Accum. write-downs, Dec. 31, 2007 | 1 | – | – | – | – | 1 |
| Book value, Dec. 31, 2006 | 286 | 910 | 5,625 | 192 | 949 | 7,962 |
| Book value, Dec. 31, 2007 | 901 | 1,748 | 16,853 | 285 | 3,031 | 22,818 |

Depreciation for the year is included in the income statement in the amount of SEK 1,477 (882) million in costs of goods sold, SEK 33 (50) million in selling expenses, SEK 53 (9) million in administrative expenses and SEK 7 (20) million in other expenses.

The item 'Machinery' includes financial leasing agreements amounting to SEK 88 (92) million in acquisition value and SEK 50 (55) million in residual value.

The tax assessment value of real property in Sweden is SEK 2,142 (2,083) million, while the corresponding property's residual value is SEK 967 (1,022) million.

As per the balance sheet date, there were contracted investments in fixed assets valued at SEK 1,137 (977) million which were not reported in the financial statements.

Continuation of note 7 on next page.

7 TANGIBLE ASSETS, CONTINUATION

| Parent company SEK millions | Equipment, tools, fixtures and fittings | Total tangible assets |
|------------------------------------|--|--------------------------|
| Acquisition value, Jan. 1, 2006 | 3 | 3 |
| Acquisitions | 1 | 1 |
| Sales and disposals | - 1 | - 1 |
| Acquisition value, Dec. 31, 2006 | 3 | 3 |
| Acquisition value, Jan. 1, 2007 | 3 | 3 |
| Acquisitions | 7 | 7 |
| Sales and disposals | - 1 | - 1 |
| Acquisition value, Dec. 31, 2007 | 9 | 9 |
| Accum. depreciation, Jan. 1, 2006 | 2 | 2 |
| Sales and disposal | 0 | 0 |
| Depreciation for the year | 0 | 0 |
| Accum. depreciation, Dec. 31, 2006 | 2 | 2 |
| Accum. depreciation, Jan. 1, 2007 | 2 | 2 |
| Sales and disposal | - 2 | - 2 |
| Depreciation for the year | 1 | 1 |
| Accum. depreciation, Dec. 31, 2007 | 1 | 1 |
| Book value, Dec. 31, 2006 | 1 | 1 |
| Book value, Dec. 31, 2007 | 8 | 8 |

8 FINANCIAL ASSETS

| Group SEK millions | Other shares and participations | Other long-term receivables | Total financial assets | Equity shares in affiliated companies |
|--|---------------------------------------|-----------------------------------|------------------------------|---|
| Book value at beginning of year | 6 | 9 | 15 | 283 |
| Increase through acquisition of businesses | - | 272 | 272 | 21 |
| Investments | - | 2 | 2 | - |
| Sales/amortization | - | - 10 | - 10 | - |
| Shares in profits after tax | - | - | - | 100 |
| Dividends | - | - | - | - 68 |
| Translation differences | 0 | - 7 | - 7 | 17 |
| Book value at year-end | 6 | 266 | 272 | 353 |

Other shares and participations consist primarily of unlisted holdings and are included in the category of financial assets that are not intended to be traded, valued at accrued acquisition value. The other shares and participations that have increased through business combinations are valued at accrued acquisition value.

Other long-term receivables are receivables that are not intended to be traded, valued at accrued acquisition value.

| Parent company SEK millions | Shares in sub- sidiaries | Shares in affiliated companies | Other shares & participations | Total financial assets |
|---|--------------------------------|--------------------------------------|-------------------------------------|------------------------------|
| Acquisition value at beginning of year | 2,253 | 51 | 3 | 2,307 |
| Investments | 10,181 | - | 0 | 10,181 |
| Sales/amortization | - | - | - | - |
| Residual value according to plan, Dec. 31, 2007 | 12,434 | 51 | 3 | 12,488 |

During the year, the parent company has invested in companies related to the IPSCO acquisition, in part in IPSCO Inc. in Canada, as well as in SSAB Swedish Steel Inc. in the US.

Continuation of note 8 on next page.

8 FINANCIAL ASSETS, CONTINUATION

| Shares and participations | Company reg. number | Registered office | Holding, number | Hold- ing % ²⁾ | Book value, SEK millions |
|---|------------------------|----------------------|--------------------|------------------------------|--------------------------------|
| Parent company's shares and participations in subsidiaries | | | | | |
| <i>Swedish operating subsidiaries:</i> | | | | | |
| Plannja AB | 556121-1417 | Luleå | 80,000 | 100 | 16 |
| SSAB Oxelösund AB | 556313-7933 | Oxelösund | 1,000 | 100 | 450 |
| SSAB Tunnpå AB | 556313-7941 | Borlänge | 1,000 | 100 | 1,500 |
| Tibnor AB | 556004-4447 | Stockholm | 850,000 | 85 | 283 |
| <i>Foreign operating subsidiaries ¹⁾</i> | | | | | |
| IPSCO Inc | | Canada | 1,000 | 100 | 920 |
| SSAB Swedish Steel Inc | | USA | 1,000 | 100 | 9,261 |
| Other ¹⁾ | | | | | 3 |
| Dormant subsidiaries | | | | | 1 |
| Total | | | | | 12,434 |

Parent company's other shares and participations

| | | | | | |
|-------------------------|--|--|--|--|----------|
| Tenant-owner apartments | | | | | 3 |
| Total | | | | | 3 |

Subsidiaries' other shares and participations ¹⁾

| | | | | | |
|---|--|--|--|--|----------|
| Total, Group's other shares and participations | | | | | 6 |
|---|--|--|--|--|----------|

¹⁾ A complete specification of other shares and participations is available from SSAB's Group headquarters in Stockholm.

²⁾ The percentages indicate the equity share which, in all cases, also corresponds to the share of the voting capital.

| Shares and participations | Company reg. number | Registered office | Holding, number | Hold- ing % ²⁾ | Book value, SEK millions |
|--|------------------------|----------------------|--------------------|------------------------------|--------------------------------|
| Parent company's shares in affiliated companies | | | | | |
| Lulekraft AB | | Luleå | 100,000 | 50 | 10 |
| Norsk Stål A/S | | Norge | 31,750 | 50 | 29 |
| Norsk Stål Tynnplater A/S | | Norge | 13,250 | 50 | 12 |
| Total, parent company's shares in affiliated companies | | | | | 51 |
| Subsidiaries' shares and participations in affiliated companies and joint ventures | | | | | |
| Oxelösunds Hamn AB | | Oxelösund | 50,000 | 50 | 63 |
| Blastech Mobile LLC | | Alabama, USA | | 50 | 21 |
| Equity shares in affiliated companies' and joint venture's equity in excess of the book value in the parent company | | | | | 219 |
| Total, Group participations in affiliated companies and joint venture | | | | | 354 |

9 INVENTORIES

| SEK millions | Group | | Parent Company | |
|---|---------------|-------|----------------|------|
| | 2007 | 2006 | 2007 | 2006 |
| Raw materials, consumables, and semi-finished goods | 4,442 | 2,401 | – | – |
| Work in progress | 2,114 | 313 | – | – |
| Stocks of finished goods | 7,511 | 4,237 | – | – |
| Advances to suppliers | 5 | 0 | – | – |
| Total | 14,072 | 6,951 | – | – |

SEK 603 (733) million of the inventory value is valued at net realizable value.

The share of inventories which is booked as an expense is included in the item "Cost of goods sold" and amounts to SEK 35,459 (22,468) million.

10 PREPAID EXPENSES AND ACCRUED REVENUE

| SEK millions | Group | | Parent Company | |
|--|------------|------|----------------|------|
| | 2007 | 2006 | 2007 | 2006 |
| Delivered, non-invoiced goods and services | 42 | 22 | – | 1 |
| Bonuses, discounts, licenses, and suchlike | 37 | 36 | – | – |
| Prepaid rents | 21 | 24 | 2 | 1 |
| Accrued interest revenue | 2 | 2 | 2 | 2 |
| Hedged purchase orders, coal and iron ore | 25 | 54 | – | – |
| Freight support | 7 | 8 | – | – |
| Unsettled insurance indemnification, etc. | 138 | 64 | – | – |
| Other prepaid expenses | 442 | 50 | 30 | 1 |
| Total | 714 | 260 | 34 | 5 |

11 OTHER CURRENT INTEREST-BEARING RECEIVABLES/LIQUID ASSETS

| Other current interest-bearing receivables SEK millions | Group | | Parent Company | |
|--|----------|------------|----------------|------------|
| | 2007 | 2006 | 2007 | 2006 |
| Short-term investments (term to maturity in excess of three months) | – | 495 | – | 495 |
| Other | – | – | – | – |
| Total current interest-bearing receivables | – | 495 | – | 495 |

| Liquid assets SEK millions | Group | | Parent Company | |
|---|--------------|-------|----------------|------|
| | 2007 | 2006 | 2007 | 2006 |
| Cash and bank balances | 547 | 773 | 310 | 374 |
| Short-term investments (terms to maturity of less than three months) | 1 160 | 600 | 1 160 | 600 |
| Total liquid assets | 1,707 | 1,373 | 1,470 | 974 |

All short-term investments are included in the category "holdings for trading" and are valued at fair value via the income statement. Short-term investments with terms to maturity of less than three months consist of overnight deposits at banks.

12 SHAREHOLDERS' EQUITY

The share capital is SEK 2,851 (2,280) million, divided into 323.9 (259.1) million shares, with a quotient value of SEK 8.80 (8.80) per share. 240.7 (192.6) million of the shares are Class A shares while 83.2 (66.5) million are Class B shares. All shares are unrestricted 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.

| Change in shares/share capital | 2007 | | 2006 | |
|--------------------------------|-----------------------------|-----------------------------|-----------------------------|-----------------------------|
| | Number of shares (millions) | Share capital, SEK millions | Number of shares (millions) | Share capital, SEK millions |
| Opening balance, January 1 | 259.1 | 2,280 | 90.9 | 2,273 |
| Redemption of shares | – | – | – 4.5 | – 114 |
| Bonus issue | – | – | – | 121 |
| 3:1 split | – | – | 172.7 | – |
| New issue 1:4 ¹⁾ | 64.8 | 571 | – | – |
| Closing balance, December 31 | 323.9 | 2,851 | 259.1 | 2,280 |

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

The average number of shares was 296.9 (290.2) million. The number of shares in 2006 has been adjusted based on the bonus issue element in the new share issue.

Other contributed funds amount to SEK 9,944 (553) million and consist of funds paid in by the shareholders in connection with new issues, in excess of the nominal value of the shares.

Exchange rate differences which arise upon translation of the balance sheets of foreign subsidiaries into Swedish kronor are transferred to the translation reserve. 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 of foreign subsidiaries are also transferred to the translation reserve.

The accumulated translation differences is SEK 149 (– 49) million.

| Changes in the translation reserve SEK millions | Group | |
|--|-------|------|
| | 2007 | 2006 |
| Opening balance, January 1 | – 49 | 30 |
| Translation of foreign subsidiaries and affiliated companies | – 37 | – 79 |
| Hedging of net investments in IPSCO | 235 | – |
| Closing balance, Dec. 31 | 149 | – 49 |

The proposed but as yet not resolved upon dividend for 2007 totals SEK 1,620 (1,166) million, equal to SEK 5.00 (4.50) per share. The amount has not been reported as a liability.

13 PENSION PROVISIONS

Within the Group, there are both contribution-based and benefit-based pension plans. In respect of contribution-based plans and the pension plan for white collar staff in Sweden which is taken out with Alecta, the premiums relating to the period that has passed are reported as expenses for the year. The scope of benefit-based pension plans in the Group is very limited, but has increased with the acquisition of IPSCO. The benefit-based plans are essentially unfunded and consist primarily of agreements regarding a retirement age of 62 for certain white collar staff in the Group.

Actuarial profits and losses are reported in their entirety in the result.

The following provisions for pension liabilities have been made in the balance sheet.

| SEK millions | Group | |
|---|---------|------|
| | 2007 | 2006 |
| Funded pension liabilities | 1,801 | 23 |
| Fair value of managed assets | – 1,803 | – 25 |
| Pension liabilities less managed assets | – 2 | – 2 |
| Unfunded pension liabilities | 385 | 133 |
| Pension provisions | 383 | 131 |

Continuation of note 13 on next page.

13 PENSION PROVISIONS, CONTINUATION

The total pension expenses are broken down as follows:

| SEK millions | Group | |
|---|-------|------|
| | 2007 | 2006 |
| Charges for contribution-based plans | 366 | 206 |
| Charges for pension insurance policies with Alecta *) | 59 | 63 |
| Pension expenses, benefit-based plans | 193 | 19 |
| Special employer's contributions | 112 | 64 |
| Other | 0 | 0 |
| Total pension expenses | 730 | 352 |

*) Alecta's surplus can be allocated to the policy holders and/or the insured's. At the end of 2007, Alecta's surplus in the form of the collective funding level amounted to 152 (144)%. The collective funding level consists of the market value of Alecta's assets as a percentage of insurance undertakings calculated in accordance with Alecta's actuarial calculation assumptions, which do not accord with IAS 19.

Changes in benefit-based obligations during the year:

| SEK millions | Group | |
|--------------------------------------|-------|------|
| | 2007 | 2006 |
| Pension obligations, opening balance | 156 | 162 |
| Acquired/divested businesses | 1,927 | – |
| Benefits earned during the year | 73 | 21 |
| Interest expenses | 52 | 5 |
| Paid benefits | – 88 | – 31 |
| Translation differences | 63 | – |
| Actuarial losses (+)/profits (-) | 2 | – 1 |
| Pension obligations, closing balance | 2,185 | 156 |

Changes in value of managed assets during the year:

| SEK millions | Group | |
|----------------------------------|-------|------|
| | 2007 | 2006 |
| Managed assets, opening balance | 25 | 26 |
| Acquired/divested businesses | 1,735 | – |
| Return during the year | 50 | 1 |
| Fees from employer | 50 | – |
| Paid out benefits | – 51 | – 2 |
| Translation differences | 54 | – |
| Actuarial losses (-)/profits (+) | – 60 | 0 |
| Managed assets, closing balance | 1,803 | 25 |

Actuarial calculation assumptions

The actuarial calculation of pension obligations and pension expenses is based on the following assumptions.

| % | 2007 | 2006 |
|----------------------------------|------|------|
| Discount rate | 4.5 | 4.0 |
| Inflation | 2.0 | 2.0 |
| Anticipated increase in salaries | 3.0 | 2.5 |
| Personnel turnover | 1.0 | 1.0 |
| Increase in income-base amount | 3.0 | 2.5 |
| Return on managed assets | 5.5 | 5.5 |

In IPSCO, however, the discount rate has been 5.5%, the salary increase 3.5% and the return 6.5%.

14 DEFERRED TAX LIABILITIES AND TAX CLAIMS

| Deferred tax liabilities and tax claims SEK millions | Group | | Parent Company | |
|---|--------------|-------|----------------|------|
| | 2007 | 2006 | 2007 | 2006 |
| Deferred tax liabilities have arisen | | | | |
| through fixed assets | 8,080 | 1,303 | - | - |
| through transfers to tax allocation reserves | 439 | - | - | - |
| through pension provisions | 0 | - | - | - |
| through other temporary differences | - 5 | - 1 | - | - |
| Total deferred tax liabilities | 8,514 | 1,302 | - | - |
| Deferred tax claims have arisen | | | | |
| through non-utilized losses carried forward ¹⁾ | 220 | 3 | - | - |
| through pension provisions | 130 | 44 | 1 | 1 |
| through fixed assets | 124 | - | - | - |
| through other temporary differences | 551 | 23 | - | - |
| Total deferred tax claims | 1,025 | 70 | 1 | 1 |

Non-utilized losses carried forward consist mainly of tax claims with respect to losses incurred in the Canadian part of IPSCO. The company is normally profitable and, through capital contributions from the parent company, the results might be improved as required to ensure that losses carried forward can be utilized.

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 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 a transfer and such a transfer will not take place within the foreseeable future.

| Changes in deferred tax liabilities SEK millions | Group | | Parent Company | |
|---|--------------|-------|----------------|------|
| | 2007 | 2006 | 2007 | 2006 |
| Opening balance | 1,302 | 1,361 | - | - |
| Changes against result | - 196 | - 58 | - | - |
| Changes against equity | 0 | 0 | - | - |
| Increase through acquisition of businesses | 7,559 | 0 | - | - |
| Translation difference | - 151 | - 1 | - | - |
| Closing balance | 8,514 | 1,302 | - | - |

| Changes in deferred tax claims SEK millions | Group | | Parent Company | |
|--|--------------|------|----------------|------|
| | 2007 | 2006 | 2007 | 2006 |
| Opening balance | 70 | 83 | 1 | 1 |
| Changes against result | 496 | - 12 | 0 | 0 |
| Changes against equity | - | - | - | - |
| Increase through acquisition of businesses | 485 | 0 | - | - |
| Translation difference | - 26 | - 1 | - | - |
| Closing balance | 1,025 | 70 | 1 | 1 |

15 OTHER PROVISIONS

| Other provisions SEK millions | Group | | Parent Company | |
|--|-------|------|----------------|------|
| | 2007 | 2006 | 2007 | 2006 |
| Opening balance | 63 | 71 | – | – |
| Increase through acquisition of businesses | 62 | – | – | – |
| Additional provisions | 9 | 4 | 7 | – |
| Utilized during the year | – 35 | – 12 | – | – |
| Translation difference | – | 0 | – | – |
| Closing balance | 99 | 63 | 7 | – |
| of which reported as | | | | |
| Other long-term provisions | 90 | 23 | – | – |
| Current provisions | 9 | 40 | 7 | – |

“Other provisions” consist primarily of provisions for guarantee commitments, complaints as well as personnel-related provisions.

16 INTEREST-BEARING LIABILITIES

| Long-term interesting-bearing liabilities SEK millions | Group | | Parent Company | |
|---|--------|-------|----------------|-------|
| | 2007 | 2006 | 2007 | 2006 |
| Bonds (IPSCO), (effective rate 6.875 – 8.75%) | 252 | 144 | – | 144 |
| Bonds ¹⁾ | 2,150 | 900 | 2,150 | 900 |
| Financial leasing agreements | 49 | 56 | – | – |
| Bridge financing ²⁾ | 15,416 | – | 4,179 | – |
| Bank loans ³⁾ | 22,506 | – | 22,506 | – |
| Other | 33 | 1 | 0 | – |
| Total | 40,406 | 1,101 | 28,835 | 1,044 |
| Less amortization, 2007 and 2008 | – 581 | – 251 | – 550 | – 244 |
| Total long-term interesting-bearing liabilities | 39,825 | 850 | 28,285 | 800 |

| Issued/ Matures | Interest rate (nominal) % | Outstanding, SEK millions | | | |
|---|------------------------------|---------------------------|------|----------------|------|
| | | Group | | Parent Company | |
| | | 2007 | 2006 | 2007 | 2006 |
| ¹⁾ Specification of bonds | | | | | |
| Fixed interest | | | | | |
| 2001-2017 | 4.30-6.40 | 1,850 | 600 | 1,850 | 600 |
| Variable interest | | | | | |
| 2002-2010 | Stibor+0.625 - +0.75 | 300 | 300 | 300 | 300 |
| Total bonds | | 2,150 | 900 | 2,150 | 900 |
| ²⁾ Specification of bridge financing | | | | | |
| Variable interest | | | | | |
| 2007-2012 | 5.665-6.104 | 15,416 | – | 4,179 | – |
| Total bridge financing | | 15,416 | – | 4,179 | – |
| ³⁾ Specification of bank loans | | | | | |
| Variable interest | | | | | |
| 2007-2012 | 5.285-5.555 | 22,506 | – | 22,506 | – |
| Total bank loans | | 22,506 | – | 22,506 | – |

Continuation of note 16 on next page.

16 INTEREST-BEARING LIABILITIES, CONTINUATION

| Repayment of long-term interest-bearing liabilities | | | | | | |
|--|------|--------|-------|------|--------|-------|
| SEK millions | 2008 | 2009 | 2010 | 2011 | 2012 | Later |
| Group | 581 | 13,147 | 4,408 | 6 | 20,887 | 1,377 |
| Parent company | 550 | 12,960 | 4,330 | – | 9,645 | 1,350 |

| SEK millions | Group | | Parent Company | |
|--|--------------|------|----------------|------|
| | 2007 | 2006 | 2007 | 2006 |
| Current part of long-term liabilities | 581 | 251 | 550 | 244 |
| Commercial paper | 4,129 | – | 4,129 | – |
| Overdraft facilities | 288 | 55 | 191 | 31 |
| Total current interest-bearing liabilities | 4,998 | 306 | 4,870 | 275 |

Loan debts are valued at the accrued acquisition value. The portion of loans in foreign currency is used exclusively as hedging for the net investment in IPSCO and thus has not been hedged. Currency risks associated with bonds issued in Euro are hedged through currency swaps. Both the currency part of the loan and the currency swaps are regularly valued at fair value and changes in value are reported in the income statement.

There are no loans or other borrowing for which security has been pledged. The bridge financing for the acquisition of IPSCO contains a clause whereby the loans fall due if there is a change in control in such a way that a new owner controls more than 50% of capital or votes in SSAB.

With respect to borrowing, the Group's exposure to changes in interest rates and the contractually agreed dates for interest renegotiation were, on the balance sheet date, as follows:

| Amounts falling due for interest rate renegotiation | | | | | | |
|--|--------|------|------|------|------|-------|
| SEK millions | 2008 | 2009 | 2010 | 2011 | 2012 | Later |
| Group | 38,647 | 281 | 72 | 49 | – | 1,357 |
| Parent company | 27,385 | 100 | – | – | – | 1,350 |

Reported amounts, per currency, for the Group's borrowing are set forth in Note 27.

17 ACCRUED EXPENSES AND DEFERRED REVENUE

| SEK millions | Group | | Parent Company | |
|---|--------------|-------|----------------|------|
| | 2007 | 2006 | 2007 | 2006 |
| Accrued personnel expenses | 1,567 | 1,001 | 10 | 14 |
| Non-invoiced goods and services received | 193 | 181 | – | – |
| Accrued interest expenses | 301 | 15 | 163 | 15 |
| Accrued discounts, bonuses, and complaints | 59 | 50 | – | – |
| Expenses accrued vis-à-vis affiliated companies | 3 | 60 | – | – |
| Energy taxes | 12 | 12 | – | – |
| Accrued insurance expenses | 10 | 20 | – | – |
| Other items | 284 | 93 | 10 | 3 |
| Total | 2,429 | 1,432 | 183 | 32 |

18 NET DEBT

| SEK millions | Group | | Parent Company | |
|--|--------|-------|----------------|---------|
| | 2007 | 2006 | 2007 | 2006 |
| Cash and bank balances | 547 | 773 | 310 | 374 |
| Short-term investments | 1,160 | 600 | 1,160 | 600 |
| Short-term investments > 3 months | – | 495 | – | 495 |
| Receivables from subsidiaries | – | – | 44,908 | 8,828 |
| Current tax claims | 246 | 37 | – | – |
| Other receivables | 20 | 6 | – | 3 |
| Interest-bearing assets | 1,973 | 1,911 | 46,378 | 10,300 |
| Current interest-bearing liabilities | 4,998 | 306 | 4,870 | 275 |
| Long-term interest-bearing liabilities | 39,825 | 850 | 28,285 | 800 |
| Pension provisions | 383 | 131 | 6 | 6 |
| Liabilities to subsidiaries | – | – | 1,322 | 1,145 |
| Current tax liabilities | 40 | 448 | 10 | 1 |
| Interest-bearing liabilities | 45,246 | 1,735 | 34,493 | 2,227 |
| Net debt | 43,273 | – 176 | – 11,885 | – 8,073 |

19 AVERAGE NUMBER OF EMPLOYEES, GENDER BREAKDOWN, AND SICK LEAVE

| | No. of employees | | Women, % | |
|-----------------------|------------------|-------|----------|------|
| | 2007 | 2006 | 2007 | 2006 |
| Parent company | | | | |
| Sweden | 36 | 20 | 36 | 42 |
| Total Parent company | 36 | 20 | 36 | 42 |
| Subsidiaries | | | | |
| Sweden | 7,240 | 7,860 | 18 | 17 |
| Canada | 700 | 41 | 6 | 10 |
| Denmark | 151 | 140 | 25 | 24 |
| Finland | 133 | 131 | 28 | 25 |
| Germany | 40 | 39 | 44 | 39 |
| Great Britain | 45 | 47 | 33 | 33 |
| Italy | 54 | 57 | 21 | 23 |
| Norway | 34 | 32 | 18 | 22 |
| Poland | 123 | 110 | 28 | 24 |
| South Africa | 99 | 106 | 15 | 17 |
| USA | 1,312 | 33 | 9 | 21 |
| Other < 20 employees | 152 | 121 | 42 | 36 |
| Total subsidiaries | 10,083 | 8,717 | 15 | 18 |
| Total Group | 10,119 | 8,737 | 15 | 18 |

The calculation is based on a normal number of working hours per year in different production areas. Consideration has been given, among other things, to different forms of shift work. The percentage of women relates to the number of employees on December 31.

Women accounted for 4 (4)% of the members of all boards of directors in the Group, while the figure for the parent company's Board of Directors was 9 (9)%. Women accounted for 9 (6)% of membership of in management groups (including Presidents) in the Group. The Group Executive Committee comprises seven men and two women.

Continuation of note 19 on next page.

19 AVERAGE NUMBER OF EMPLOYEES, GENDER BREAKDOWN, AND SICK LEAVE, CONT.

| Personnel sick leave (% of ordinary work time) | Group ¹⁾ | | Parent Company ²⁾ | |
|---|---------------------|-------|------------------------------|------|
| | 2007 | 2006 | 2007 | 2006 |
| Total sick leave absence | 5.2 | 6.5 | 0.5 | 0.8 |
| of which 60 days or more | 55.3% | 62.2% | 0% | 0% |
| Sick leave absence per group | | | | |
| women | 8.3 | 9.9 | 0.7 | 0.9 |
| men | 4.5 | 5.8 | 0.4 | 0.7 |
| aged 29 and younger | 3.4 | 3.5 | | |
| aged 30-49 | 4.9 | 5.8 | | |
| aged 50 and older | 6.4 | 8.2 | | |

¹⁾ Relates to the Group's employees in Sweden.

²⁾ Sickness in the parent company is reported only as a total and by gender since there are only 33 (26) employees.

20 LEASING

| Operational leasing SEK millions | Group | | Parent Company | |
|---|-------|------|----------------|------|
| | 2007 | 2006 | 2007 | 2006 |
| Minimum leasing charges during the year | 116 | 45 | 7 | 4 |

The agreed minimum leasing charges relating to operational leasing agreements that cannot be terminated amount to SEK 114 million for 2008; a total of SEK 176 million for 2009-2012; and to SEK 91 million for the years after 2012. Operational leasing includes office equipment, leases for property, premises, and rolling stock for transportation in the steel operations.

| Financial leasing SEK millions | Group | | Parent Company | |
|--------------------------------------|-------|------|----------------|------|
| | 2007 | 2006 | 2007 | 2006 |
| Minimum leasing charges for the year | 11 | 12 | - | - |

Agreed minimum leasing charges amount to SEK 12 million for 2008; a total of SEK 31 million for 2009-2012; and to SEK 49 million for the years after 2012. The present value of financial leasing liabilities is SEK 49 (48) million. Financial leasing includes a switchgear, rolling stock for transportation in the steel operations, and a number of fork-lift trucks.

21 PLEDGED ASSETS

| SEK millions | Group | | Parent Company | |
|-------------------------------------|-------|------|----------------|------|
| | 2007 | 2006 | 2007 | 2006 |
| Pledged assets | | | | |
| Real property mortgages | 39 | 39 | - | - |
| Floating charges | 19 | 20 | - | - |
| Total for own long-term liabilities | 58 | 59 | - | - |

22 CONTINGENT LIABILITIES

| SEK millions | Group | | Parent Company | |
|--|-------|------|----------------|------|
| | 2007 | 2006 | 2007 | 2006 |
| Guarantees | 0 | 0 | 0 | 0 |
| Guarantees for subsidiaries' obligations | – | – | 123 | 105 |
| Other contingent liabilities | 75 | 88 | 48 | 58 |
| Total contingent liabilities | 75 | 88 | 171 | 163 |

SSAB Tunplåt has been involved in a dispute with an insurance company concerning a blast furnace breakdown in 1997. In 2006, judgment was given at first instance in favor of SSAB Tunplåt. However, the opposing party appealed to the Svea Court of Appeal. According to the judgment, SSAB Tunplåt's claim against the insurance company amounts to just over SEK 170 million plus interest, in addition to the sum of SEK 110 million that has already been paid out. The insurance company's counter-claim is for repayment of the SEK 110 million. A claim of SEK 55 million, equal to the assessed outcome in the case upon closing the books, is included among prepaid expenses and accrued income. (See Note 10, the item "Unsettled insurance indemnification"). No contingent liabilities have been reported since the risk of repayment is assessed as being very unlikely.

In a judgment issued by the Svea Court of Appeal at the end of January 2008, SSAB Tunplåt was awarded a further SEK 300 million, in addition to the SEK 110 million already received. If the judgment becomes final, it will entail a contribution to profits of SEK 250 million, which will, in that case, be reported in the first quarter of 2008.

The Group is otherwise involved in a very limited number of legal disputes concerning insurance and warranty, as well as complaints. The anticipated outcome of these cases has been taken into consideration in the accounting.

23 CASH FLOW STATEMENT

Financial items

The cash flow statement is based on the financial items included in the income statement. The adjustment from booked interest to paid interest takes place through the change in accrued interest being represented by changes in working capital. The interest payments amount to:

| SEK millions | Group | | Parent Company | |
|-------------------------------------|---------|-------|----------------|-------|
| | 2007 | 2006 | 2007 | 2006 |
| Interest received during the period | 142 | 78 | 1,301 | 196 |
| Interest paid during the period | – 1,481 | – 118 | – 1,252 | – 125 |

Exchange rate differences regarding liquid assets

Exchange rate differences on opening liquid assets in foreign subsidiaries are included in the item 'Other Financing' in the amount of

| Group | | Parent Company | |
|-------|------|----------------|------|
| 2007 | 2006 | 2007 | 2006 |
| 20 | – 8 | – | – |

24 ACQUISITION OF COMPANIES AND BUSINESSES

Two businesses were acquired during the year, namely, Steinwalls Plåt AB and IPSCO Inc. No acquisitions took place in 2006.

Acquisition of IPSCO Inc.

On May 3, a public tender offer was made for the North American steel company, IPSCO Inc., of USD 160 per share in cash or, just over USD 7.5 million for all shares. The offer was approved by IPSCO's extra general meeting on July 16 and the entire company was taken over on July 18. Since that date, IPSCO has been included as a division in the SSAB Group. IPSCO is a steel group with operations in Canada and the United States.

At the time of the acquisition, IPSCO had booked assets of SEK 28,709 million as well as short and long-term liabilities of SEK 12,627 million, i.e. booked net assets of SEK 16,082 million. The purchase price including acquisition costs exceeded the net assets by SEK 34,434 million. Provisionally, SEK 1,019 million has been allocated to surplus values in inventory, SEK 4,987 million to tangible fixed assets, SEK 6,650 million to intangible assets and SEK – 4,429 million to deferred tax liabilities, after which the remaining SEK 26,206 million was reported as goodwill. Assumed net debt amounted to SEK 4,978 million.

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

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

Continuation of note 24 on next page.

24 ACQUISITION OF COMPANIES AND BUSINESSES, CONTINUATION

Pro forma accounts have been prepared as if the acquisition had taken place on January 1, 2007. These amounts have been calculated applying the Group's accounting principles and with a correction of the subsidiary's results so as to include depreciations which would have been made had the fair value adjustments of tangible assets and intangible assets taken place on January 1, 2007, together with attendant tax consequences. In total, these depreciations amount to SEK 528 million since the acquisition, and to SEK 1,183 million in the pro forma accounts. The tax rate has been estimated at 35%. The presentation does not include non-recurring expenses incurred by IPSCO in connection with SSAB's acquisition, non-recurring write-offs on surplus values in inventory that have taken place, and non-recurring costs for arrangement of the bridge financing. The effect on earnings per share has been calculated based on the outstanding share capital, namely 323.9 million shares.

| Contribution from IPSCO | July 18 to December 31 2007 | Pro forma as if the acquisition had occurred on January 1, 2007 |
|--|-----------------------------------|---|
| SEK millions | | |
| Sales | 13,317 | 28,686 |
| Operating profit before depreciation, EBITDA | 3,021 | 6,681 |
| Operating profit, EBIT | 1,970 | 4,336 |
| Profit after financial items | 702 | 1,590 |
| Effect on earnings per share | 1.41 | 3.19 |

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

Information regarding acquired net assets and goodwill:

| SEK millions | 2007 |
|--|-----------------|
| Purchase price | |
| cash payment | 50,250 |
| direct expenses in connection with the acquisition | 266 |
| Total purchase price including acquisition costs | 50,516 |
| Fair value for acquired net assets | - 20,115 |
| Goodwill (Note 6) | 30,401 |

Provisionally calculated goodwill relates to the synergies that are expected to arise after the acquisition. Due to the complex structure of the acquisition, the final allocation of surplus values will not be completed until 2008. Accordingly, no test of the need for write-offs has been possible.

| Assets and liabilities at the time of the acquisition: | Fair value | Acquired reported value |
|--|------------|----------------------------|
| SEK millions | | |
| Goodwill (Note 6) | 0 | 4,195 |
| Other intangible assets (Note 6) | 11,112 | 4,462 |
| Tangible assets (Note 7) | 13,961 | 8,974 |
| Financial assets (Note 8) | 341 | 341 |
| Deferred tax claims (Note 14) | 485 | 485 |
| Inventory (Note 9) | 6,885 | 5,865 |
| Other current receivables | 3,626 | 3,626 |
| Liquid assets | 728 | 728 |
| Deferred tax liabilities (Note 14) | - 7,551 | - 3,122 |
| Pension provisions (Note 13) | - 192 | - 192 |
| Other provisions (Note 15) | - 242 | - 242 |
| Long-term liabilities (Note 16) | - 5,160 | - 5,160 |
| Accounts payable | - 1,964 | - 1,964 |
| Other current liabilities | - 1,914 | - 1,914 |
| Total acquired net assets | 20,115 | 16,082 |
| Cash-settled purchase price incl. acquisition costs | | - 50,516 |
| Loans redeemed by SSAB in connection with the acquisition | | - 4,903 |
| Liquid assets in acquired subsidiary | | + 728 |
| Change in the Group's liquid assets in conjunction with the acquisition | | - 54,691 |

Continuation of note 24 on next page.

24 ACQUISITION OF COMPANIES AND BUSINESSES, CONTINUATION

Acquisition of Steinwalls Plåt AB

On April 1, 2007, Plannja acquired 100% of the shares in the sheet and ventilation supplier, Steinwalls Plåt AB. The acquired company possesses many years of experience as a supplier to, among other areas, the small home construction industry, and operates primarily in Sweden.

Information regarding acquired net assets and goodwill:

| SEK millions | 2007 |
|--|-------------|
| Purchase price | |
| cash payment | 84 |
| direct expenses in connection with the acquisition | 1 |
| Total purchase price | 85 |
| Fair value of acquired net assets | - 25 |
| Goodwill (Note 6) | 60 |

Goodwill relates to synergies that are expected to arise after the acquisition.

Assets and liabilities at the time of the acquisition:

| SEK millions | Fair value | Acquired reported value |
|--|------------|-------------------------|
| Intangible assets (Note 6) | 24 | - |
| Tangible assets (Note 7) | 7 | 7 |
| Inventory (Note 9) | 10 | 8 |
| Other current receivables | 21 | 21 |
| Liquid assets | 1 | 1 |
| Deferred tax liabilities (Note 14) | - 8 | - 1 |
| Accounts payable | - 19 | - 19 |
| Other current liabilities | - 11 | - 11 |
| Total acquired net assets | 25 | 6 |
| Cash-settled purchase price incl. acquisition costs | | - 85 |
| Liquid assets in acquired subsidiary | | + 1 |
| Change in the Group's liquid funds in conjunction with the acquisition | | - 84 |

25 SALE OF COMPANIES AND BUSINESSES

During the year, five smaller property-owning subsidiaries were divested, namely Tibnor G&G AB, AB John Sjödin Järn & Maskin-affär, Jacob Wennberg AB, Metallvaruhuset Sverige AB and FR KB Backa 23:5 KB. The value of assets and liabilities divested in 2007 is as follows:

| SEK millions | Divestments | |
|---|-------------|------|
| | 2007 | 2006 |
| Tangible assets | 78 | 50 |
| Accounts receivable | 1 | 3 |
| Prepaid expenses and accrued revenue | 0 | 0 |
| Other receivables | 1 | 2 |
| Liquid assets | 3 | – |
| Deferred tax | – 1 | 0 |
| Accounts payable | – 13 | – 36 |
| Accrued expenses and deferred revenue | – 2 | – 3 |
| Other liabilities | – 1 | – 1 |
| Booked profit on the sale | 93 | 87 |
| Received purchase price ¹⁾ | 159 | 102 |
| Liquid assets in the divested companies | – 3 | 0 |
| Effect on the Group's liquid assets | 156 | 102 |

In 2006, two property-owning subsidiaries were sold, i.e. Tibnor Dalarna and A. Nicklasson. In addition, the 25 percent stake in the affiliated company, Cogent Power, was sold, thereby contributing SEK 248 million to liquidity.

26 SEGMENTS

Business areas

Sales and results per business area

| SEK millions | Total Sales | | of which internal sales | | Operating Profit ⁴⁾ | | Profit after Financial Items ⁴⁾ | | Return on Capital Employed, % ⁵⁾ | |
|---|----------------|---------|-------------------------|---------|--------------------------------|-------|--|-------|---|------|
| | 2007 | 2006 | 2007 | 2006 | 2007 | 2006 | 2007 | 2006 | 2007 | 2006 |
| <i>Business area:</i> | | | | | | | | | | |
| Strip Products Division | 16,918 | 15,316 | 3,545 | 2,756 | 3,472 | 2,799 | 3,350 | 2,728 | 44 | 34 |
| Plate Division | 11,295 | 9,941 | 3,003 | 2,915 | 2,676 | 2,230 | 2,576 | 2,189 | 41 | 40 |
| IPSCO Division ¹⁾ | 13,317 | – | 34 | – | 1,970 | – | 586 | – | 8(20) | – |
| Tibnor | 10,413 | 9,202 | 150 | 40 | 877 | 776 | 877 | 783 | 46 | 50 |
| Other | 2,639 | 2,431 | 49 | 2 | 126 | 177 | 119 | 174 | – | – |
| <i>Parent company:</i> | | | | | | | | | | |
| Parent company ²⁾ | – | – | – | – | – 128 | – 109 | – 74 | – 5 | | |
| Affiliated companies ³⁾ | – | – | – | – | 87 | 102 | 87 | 102 | | |
| Write-off, IPSCO's surplus value on inventory ⁶⁾ | | | | | – 1,019 | – | – 1,019 | – | | |
| Group adjustment | – 6,931 | – 5,836 | – 6,781 | – 5,713 | – | – 24 | – 103 | – 22 | | |
| Total | 47,651 | 31,054 | – | – | 8,061 | 5,951 | 6,399 | 5,949 | 18 | 36 |

¹⁾ IPSCO's operating profit has been affected by SEK 528 million in depreciation on provisionally allocated surplus values on intangible and tangible assets.

²⁾ Excluding dividends from subsidiaries and excluding capital gains on sales of subsidiaries. The result in the parent company consists primarily of administrative expenses and a positive figure for financial items.

³⁾ Relates to the participations owned by the parent company in the affiliated companies, Lulekraft, Norsk Stål and Norsk Stål Tynnplater.

⁴⁾ Operating profit and profit after financial items includes shares in the results of affiliated companies in the amount of SEK (0) 83 million for the Strip Products Division, SEK 10 (12) million for the Plate Division, and SEK 3 million for the IPSCO Division.

⁵⁾ IPSCO's return on capital employed has been calculated by converting the outcome for the period of the holding, 5.5 months, to an annual figure and comparing this with capital employed in July-December. IPSCO's return on capital employed excluding surplus values from the acquisition is shown in brackets. The return on capital is otherwise calculated on a result for the most recent twelve months in relation to the average capital employed for the most recent twelve months.

⁶⁾ The entire surplus value on IPSCO's inventory has been dissolved and affected the result during the year.

Continuation of note 26 on next page.

26 SEGMENTS, CONTINUATION

Balance sheet and cash flow information per business area

| SEK millions | Assets | | Liabilities | | Depreciation | | Investeringar | | Operational cash flow | |
|-------------------------|---------|---------|-------------|---------|--------------|------|---------------|-------|-----------------------|---------|
| | 2007 | 2006 | 2007 | 2006 | 2007 | 2006 | 2007 | 2006 | 2007 | 2006 |
| <i>Business area:</i> | | | | | | | | | | |
| Strip Products Division | 12,155 | 11,382 | 6,356 | 6,089 | 531 | 504 | 655 | 586 | + 2,541 | + 2,803 |
| Plate Division | 9,395 | 7,807 | 5,434 | 4,064 | 371 | 362 | 1,146 | 729 | + 2,210 | + 2,147 |
| IPSCO Division | 61,884 | – | 51,048 | – | 1,050 | – | 811 | – | + 2,674 | – |
| Tibnor | 3,094 | 2,967 | 1,568 | 1,525 | 56 | 62 | 145 | 44 | + 510 | + 511 |
| Other | 1,069 | 943 | 800 | 604 | 37 | 35 | 53 | 47 | – 15 | + 238 |
| <i>Parent company:</i> | | | | | | | | | | |
| Parent company | 59,094 | 9,344 | 34,990 | 2,461 | 1 | 0 | 7 | 1 | – 47 | – 124 |
| Divested businesses | – | – | – | – | – | – | – | – | – | – |
| Group adjustment | –55,986 | – 9,648 | – 38,636 | – 7,499 | – | – | – | – | + 142 | + 39 |
| Total | 90,705 | 22,795 | 61,560 | 7,244 | 2,046 | 963 | 2,817 | 1,407 | + 8,015 | + 5,614 |

Geographic 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 on more distant markets are increasing. Only a small portion of the manufacture of the Group's steel products has taken place outside Sweden and thus investments abroad have been small. With the acquisition of IPSCO, both sales and investments abroad have increased substantially.

The table below shows the breakdown of the Group's sales per country/region, irrespective of where the products are manufactured.

| SEK millions | 2007 | % | 2006 | % |
|----------------------|--------|-----|--------|-----|
| Sweden | 12,485 | 26 | 11,289 | 36 |
| EU-27 (excl. Sweden) | 15,818 | 33 | 14,326 | 46 |
| Rest of Europe | 1,742 | 4 | 1,486 | 5 |
| North America | 15,049 | 32 | 1,810 | 6 |
| Asia | 1,710 | 4 | 1,499 | 5 |
| Rest of the world | 847 | 1 | 644 | 2 |
| Total | 47,651 | 100 | 31,054 | 100 |

The table below shows the reported value of assets and investments broken down by geographic areas according to the location of the assets.

| SEK millions | Assets | | | | Investments | | | |
|----------------------|--------|-----|--------|-----|-------------|-----|-------|-----|
| | 2007 | % | 2006 | % | 2007 | % | 2006 | % |
| Sweden | 32,752 | 36 | 20,191 | 89 | 1,826 | 65 | 1,367 | 97 |
| EU-27 (excl. Sweden) | 2,406 | 3 | 1,825 | 8 | 121 | 4 | 30 | 3 |
| Rest of Europe | 128 | 0 | 92 | 0 | 1 | 0 | 3 | 0 |
| North America | 54,955 | 61 | 371 | 2 | 819 | 29 | 6 | 0 |
| Asia | 280 | 0 | 235 | 1 | 49 | 2 | 1 | 0 |
| Rest of the world | 184 | 0 | 81 | 0 | 1 | 0 | 0 | 0 |
| Total | 90,705 | 100 | 22,795 | 100 | 2,817 | 100 | 1,407 | 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 division.

SSAB's operational business gives rise to a number of financial risks, among other things refinancing risks (liquidity risks), market risks (interest rate risks and currency risks) and credit risks.

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, both as regards long-term loans and SSAB's day-to-day payment obligations to its lenders. Borrowing takes place primarily through the parent company, taking into consideration the Group's financial targets.

In connection with the acquisition of IPSCO, acquisition financing was secured which was then largely refinanced during the year, with long-term bilateral loans. These loans, which at the end of the year amounted to SEK 39,272 million, are primarily via the bank market. Other borrowing takes place primarily through existing bond and commercial paper programs. 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, while each of the Swedish programs has a program limit of SEK 5,000 million. The Swedish commercial paper program is rated by Standard & Poor's at K-2 and the bond program at

BBB. Borrowing within the MTN program at the end of the year amounted to SEK 800 (900) million and borrowing in the commercial paper program at the end of 2007 was SEK 4,129 (0) million.

In order to minimize the refinancing risk, the objective is that the total of loans maturing during a single year shall not exceed 50% of the total debt portfolio. In addition, not more than 50% 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 liquid funds, shall exceed 10% of the Group's turnover. Following the acquisition of IPSCO, the buffer has primarily consisted of a back-up facility of USD 1,250 million within the acquisition financing which, at the end of the year, was entirely unused. The Group's available liquid funds, consisting of liquid assets, short-term investments and non-utilized binding credit facilities, amounted at year-end to SEK 10,571 (3,720) million, equal to 22 (12)% of turnover.

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 securities issued by approved banks.

The total loan debt at year-end was SEK 44,823 (1,156) million, with an average term to maturity of 3.4 (2.0) years. The expiry structure during the coming years is presented in Note 16.

The contractual payments on the outstanding loan debt, including interest payments, are shown in the following table:

| December 31, 2007 SEK millions | Book value | Contractual cash flow | 2008 | 2009 | 2010 | 2011 | 2012 | Later |
|-----------------------------------|---------------|--------------------------|-------|--------|-------|-------|--------|-------|
| MTN program | 800 | 951 | 680 | 112 | 159 | – | – | – |
| Bridge financing | 15,416 | 19,053 | 923 | 895 | 4,970 | 686 | 11,579 | – |
| Bilateral bank loans | 23,856 | 28,695 | 1,285 | 14,173 | 612 | 614 | 10,264 | 1,747 |
| Commercial paper | 4,129 | 4,174 | 4,174 | – | – | – | – | – |
| Other | 622 | 624 | 320 | 187 | 79 | 6 | 6 | 26 |
| Total | 44,823 | 53,497 | 7,382 | 15,367 | 5,820 | 1,306 | 21,849 | 1,773 |

Accounts payable and other current liabilities are due and payable within one year.

Market risks

Market risks are the risk that changes in market prices such as interest rates and exchange rates will affect the Company'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 varies between 0.5 and 2.5 years, but since the bridge financing has an average fixed rate term of only 2 months, the fixed rate term may be shorter during a transitional period. The fixed rate term on the borrowing may be varied within the stated risk parameters through use of interest rate swaps.

At the end of the year, the Group's total loan debt, SEK 44,823 (1,156) million, had an average fixed rate term of 0.4 (3.3) years. Given the same loan debt, short-term investments, liquid assets 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) would change interest expenses by

approximately SEK 420 million. Loans which are subject to interest rate renegotiation in the coming years are shown in Note 16.

The Group's interest-bearing assets of SEK 1,972 (1,911) million consisted almost exclusively of short-term investments at variable rates of interest.

Currency risks

The Group's currency risks are managed by the parent company. This management is aimed at minimizing the effect of interest rate changes on SSAB's equity. The base currency is Swedish kronor.

SSAB's currency exposure thus primarily relates to the translation risk regarding net assets of foreign subsidiaries and divisions. This exposure is primarily hedged through foreign currency borrowing, so-called Equity Hedge. Exceptions are made in the case of smaller amounts, e.g. for equity in foreign sales companies.

Continuation of note 27 on next page.

27 FINANCIAL RISK MANAGEMENT, CONTINUATION

In so far as it is not possible to match the net asset with loans in the same currency, derivative instruments replace any part of the asset that is not matched by loans.

Commercial currency flows which 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. Exceptions are made for exposures which qualify for hedge accounting (at present annual purchases of coal and iron ore) as well as for investments decided upon in foreign currency of such a size that the investment decision is taken by the Group Board of Directors.

The Group had a net outflow of USD and net inflow of other currencies. The net foreign currency inflow in 2007 was SEK 5,500 (6,900) million. The Group's most important currency flows are shown in the diagram on page 10.

Based on revenues and expenses in foreign currency in 2007, a five percent devaluation of the Swedish krona against other currencies, excluding hedging, has an annual effect on profit of slightly more than SEK + 300 (+ 350) 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 of just over SEK 400 million with respect to USD and a positive impact of just over SEK 350 million with respect to EUR. The negative effect vis-à-vis USD consists of a negative impact of approximately SEK 550 million regarding the Group's purchases of the raw materials, coal and iron ore, a positive effect on the Group's other operating net flows of approximately SEK 250 million, and a negative impact on interest payments of just over SEK 100 million. The positive effect vis-à-vis EUR derives from the operations' net flows.

As per 31 December, the breakdown per currency of the Group's accounts receivable and other current receivables was as follows:

| Breakdown per currency expressed in SEK millions | Group | | Parent company | |
|---|--------------|-------|----------------|------|
| | 2007 | 2006 | 2007 | 2006 |
| SEK | 2,325 | 2,398 | 145 | 176 |
| USD | 2,330 | 305 | – | – |
| CAD | 1,159 | 56 | – | – |
| EUR | 2,061 | 1,715 | – | – |
| Other currencies | 975 | 865 | – | – |
| Total | 8,850 | 5,339 | 145 | 176 |
| of which: | | | | |
| Accounts receivable | 8,268 | 4,926 | – | – |
| Other current receivables ¹⁾ | 582 | 413 | 145 | 176 |
| Total | 8,850 | 5,339 | 145 | 176 |

¹⁾ Other current receivables include derivative instruments in the amount of SEK 117 million, while the remainder consists of amounts which do not constitute financial instruments.

As per December 31, the breakdown per currency of the Group's accounts payable and other current liabilities was as follows:

| Breakdown per currency expressed in SEK millions | Group | | Parent company | |
|---|--------------|-------|----------------|------|
| | 2007 | 2006 | 2007 | 2006 |
| SEK | 2,015 | 1,772 | 307 | 130 |
| USD | 1,876 | 440 | – | – |
| CAD | 766 | 4 | – | – |
| EUR | 478 | 363 | – | – |
| Other currencies | 137 | 133 | – | – |
| Total | 5,272 | 2,712 | 307 | 130 |
| of which: | | | | |
| Accounts receivable | 4,740 | 2,362 | 25 | 4 |
| Other current receivables ¹⁾ | 532 | 350 | 282 | 126 |
| Total | 5,272 | 2,712 | 307 | 130 |

¹⁾ Other current liabilities include derivative instruments in the amount of SEK 279 million, while the remainder consists of amounts which do not constitute financial instruments.

The Group's borrowing broken down per currency is shown below:

| SEK millions | Group | | Parent company | |
|------------------|---------------|-------|----------------|-------|
| | 2007 | 2006 | 2007 | 2006 |
| SEK | 5,048 | 956 | 4,930 | 900 |
| USD | 39,675 | 37 | 28,222 | 25 |
| CAD | 89 | 162 | 3 | 150 |
| Other currencies | 11 | 1 | 0 | – |
| Total | 44,823 | 1,156 | 33,155 | 1,075 |

27 FINANCIAL RISK MANAGEMENT, CONTINUATION

As shown above, the Group's borrowing in foreign currency is insignificant, with the exception of the loans in USD which financed the acquisition of IPSCO. Of the total investment in IPSCO of USD 8,333 million, USD 1,750 million was financed locally, while the remaining USD 6,583 million was largely financed with bridge financing raised by the parent company in the amount of USD 6,300 million. The bridge financing has not been hedged, since exchange rate differences on loans are counteracted by exchange rate differences on the net investment in IPSCO. As the loans are repaid, they are replaced from a hedging perspective by currency swaps.

From Sweden, approximately SEK 10.2 billion in share capital has been invested in the wholly-owned holding companies which acquired IPSCO, while the remainder of the investment was provided in internal loans. The portion of the external financing which corresponds to the internal lending to IPSCO is not reported in hedge accounting. Exchange rate differences on external loans and on internal loans are reported in the income statement.

At the end of the year, the portion of the investment which was subject to translation risks amounted to approximately SEK 10.2 billion. Of this amount, SEK 9.1 billion was reported in hedge accounting. The exchange gain on the part of loans and currency swaps identified as hedge instruments, to be reported in hedge accounting against equity, amounted to SEK 235 million. No amount has been identified regarding inefficiency.

Through hedge accounting with respect to the Group's net investment in IPSCO and the small net investments in other currencies, a change in exchange rates between the Swedish krona and other currencies has only a limited effect on the Group's equity.

Credit risks

Financial counterparties are selected based on Standard & Poor's (S&P) and Moody's current ratings for long-term borrowing and taking into account the Group's reciprocal commercial relations with each counterparty. The lowest acceptable rating is A- from Standard and Poor's or A3 from Moody's.

The IPSCO acquisition and the current currency strategy both contribute to a need for relatively large limits vis-à-vis respective counterparties. The total currency and investment limit may not exceed SEK 2,000 million with respect to any individual counterparty.

The total counterparty risk in derivative instruments at the end of the year was SEK 1,001 (157) million.

In addition to the above, there are credit risks associated with accounts receivable, which are managed in each subsidiary. Prior to write-off for bad debts, these receivables had a gross value of SEK 8,879 (5,363) 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. No security has been received for these receivables.

Age analysis regarding accounts receivable and other receivables, not written down

| SEK millions | Group | | Parent company | |
|--------------|-------|-------|----------------|------|
| | 2007 | 2006 | 2007 | 2006 |
| Not due | 6,098 | 3,756 | 145 | 176 |
| 0–30 days | 1,938 | 1,017 | – | – |
| 31–120 days | 776 | 537 | – | – |
| 121–365 days | 24 | 19 | – | – |
| > 365 days | 14 | 10 | – | – |
| Total | 8,850 | 5,339 | 145 | 176 |

Bad debts, change

| SEK millions | Group | | Parent company | |
|--|-------|------|----------------|------|
| | 2007 | 2006 | 2007 | 2006 |
| Opening balance | – 23 | – 33 | – | – |
| Increase through business combinations | – 14 | – | – | – |
| Anticipated bad debt loss | 1 | – 6 | – | – |
| Established bad debt loss | 8 | 15 | – | – |
| Reversed non-utilized amount | 0 | 0 | – | – |
| Translation differences | – 1 | 1 | – | – |
| Closing balance | – 29 | – 23 | – | – |

No other financial instruments have been written down.

Emission rights

The parent company's finance division is responsible for managing any emission rights deficits or surpluses. This takes place through external trading with counterparties included on the counterparty list.

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 net investments in foreign subsidiaries and divisions through Equity Hedge. The translation exposure is primarily hedged through loans in the same currency, in the absence of which

currency derivatives may be used instead.

During the year, only the investment in IPSCO was so large that an Equity Hedge was deemed necessary.

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 in the balance sheet. For the currency hedging which meets the requirements for hedge accounting pursuant to IAS 39, changes in value of the currency derivative do not impact on the result but, rather, are set off in the income

Continuation of note 27 on next page.

27 FINANCIAL RISK MANAGEMENT, CONTINUATION

statement against corresponding changes in value of the hedged order. In connection with the delivery of such hedged purchases, the acquired asset is booked at the hedge rate, and thus the exchange rate difference on the purchase is not booked separately.

At the end of the year, purchase and sales orders for which currency futures had been executed had a total value of SEK 2.5 (10.1) billion. Currency futures had an average outstanding term until expiry of 7.4 (4.3) months. At the end of the year, derivative instruments for "fair value hedging" had a booked fair value of SEK - 24 (- 54) million, while purchase orders reported in hedge accounting were booked at SEK + 24 (+ 54) million, entailing that upon closing of the accounts there was no inefficiency.

At present, cash flow hedging is not applied.

In order to reduce the fixed rate term on the total debt portfolio, a fixed rate loan under the MTN program has been swapped to a variable rate. According to IAS 39, changes in value of the swaps have no impact on earnings but may be set off against corresponding changes in the value of the loans. The conditions for "fair value hedging" are fulfilled, entailing that changes in value of both the interest rate swaps and the loan are reported in the income statement.

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:

| SEK millions | 2007 | | 2006 | |
|--|----------------|---------------|----------------|------------|
| | Reported value | Fair value | Reported value | Fair value |
| Financial assets | | | | |
| 3. Financial fixed assets | 272 | 272 | 15 | 15 |
| 1. Currency derivatives not subject to hedge accounting *) | 9 | 9 | 174 | 174 |
| 6. Currency derivatives for "fair value hedging" of flows *) | 6 | 6 | - | - |
| 6. Currency derivatives for "fair value hedging" of loans *) | - | - | 1 | 1 |
| 6. Currency derivatives for hedging of net investments *) | 102 | 102 | - | - |
| 6. Interest rate swaps for "fair value hedging" *) | 0 | 0 | 0 | 0 |
| 3. Accounts receivable | 8,268 | 8,268 | 4,926 | 4,926 |
| 1. Other current interest-bearing receivables | - | - | 495 | 495 |
| 3. Liquid assets | 1,707 | 1,707 | 1,373 | 1,373 |
| Financial liabilities | | | | |
| 5. Long-term interest-bearing liabilities | 39,825 | 40,474 | 850 | 850 |
| 5. Current interest-bearing liabilities | 4,998 | 4,997 | 306 | 311 |
| 1. Currency derivatives not subject to hedge accounting *) | - 24 | - 24 | 70 | 70 |
| 6. Currency derivatives for "fair value hedging" of flows *) | - 30 | - 30 | 54 | 54 |
| 6. Currency derivatives for "fair value hedging" of loans *) | - | - | 1 | 1 |
| 6. Currency derivatives for hedging of net investments *) | - 225 | - 225 | - | - |
| 5. Accounts payable | 4,740 | 4,740 | 2,362 | 2,362 |

*) Included in the balance sheet item, Other current receivables or liabilities. The remaining amounts in these balance sheet items are not classified as financial receivables and liabilities.

Balance sheet item classification:

- Assets at fair value through the income statement.
- Held to maturity.
- Loans and receivables.
- Assets available for sale.
- Financial liabilities valued at acquisition value.
- Derivative instrument for hedging.

Liquid assets consist of bank balances and overnight deposits at banks with short terms until maturity, where the fair value is the same as the acquisition value.

Other current interest-bearing receivables consist of short-term investments with terms to maturity in excess of 3 months which are classified as holdings for trading and valued at fair value, with changes in value reported in the income statement.

Accounts receivable and other current receivables are reported in the amount which is expected to be received following an individual assessment of bad debts. There is no concentration of credit risks since the Group has a large number of customers spread throughout the world.

Long-term and short-term loans are valued at accrued acquisition value. Fair value has been calculated based on the interest rate applicable at the end of the year for the remaining terms to maturity.

In 2007, net exchange rate differences were booked in the amount of SEK + 50 (- 111) million in the operating profit and SEK + 113 (+ 19) million in financial items.

Changes in exchange rates between 2006 and 2007 affected earnings by approximately SEK +200 (-200) million, primarily due to the fact that costs for raw materials are largely dollar based; however, this effect on earnings is primarily felt as lower raw materials costs.

Management of capital

The Company's capital management objective is to ensure that the operations can continue to be conducted generating good returns for the shareholders. Since the Group's operations are sensitive to the business cycle, the target is to maintain a net debt/equity ratio of around 30%.

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.

Through the acquisition of IPSCO in 2007, the net debt/equity ratio reached just over 300% immediately after the acquisition. Following completion of the new issue and the subsequent reduction in liabilities, the net debt/equity ratio at the end of the year declined to 148%.

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

Estimations regarding the outcome of a dispute with an insurance company concerning a blast furnace breakdown in 1997 are based on assessments of future outcome.

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 contributions 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.

The allocation of surplus values in connection with the acquisition of IPSCO is not yet completed. The total surplus value from the acquisition was SEK 34.5 billion, of which SEK 1.0 billion has been established as constituting surplus value on inventory. The provisional allocation of other surplus values entails that SEK 5.0 billion is allocated to tangible assets and SEK 6.6 billion to intangible assets with limited useful life.

A different allocation of surplus value between assets with a limited useful life and those with an unlimited useful life, as well as other depreciation periods on those with a limited useful life, may affect the Group's revised balance sheet and income statement.

29 DEFINITIONS

Sales

Sales less deduction for value added tax, discounts, returns, and freight.

Equity

Total equity according to the consolidated balance sheet.

Capital employed

Total assets less non-interest-bearing current and long-term liabilities.

Liquid assets

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.

Net debt

Interest-bearing liabilities less interest-bearing assets.

Return on equity after tax

Profit for the year after taxes as a percentage of average equity during the year.

Return on capital employed before tax

Operating profit before participations in affiliated companies plus financial revenue as a percentage of average capital employed during the year.

Equity ratio

Equity as a percentage of total assets.

Net debt/equity ratio

Net debt as a percentage of equity.

Operational cash flow

Funds generated from ongoing operations before financial items and tax including change in working capital and cash flow regarding regular maintenance investments.

Cash flow from current operations

Funds generated from ongoing operations including financial items and paid tax, change in working capital and cash flow regarding regular maintenance investments. (In the cash flow statement, however, paid tax is adjusted instead to the actual tax which will be paid based on the profit generated by the operations.)

Earnings per share

Profit after taxes, excluding minority interests, divided by the average number of shares.

P/E ratio

Share price at year-end divided by earnings per share.

Equity per share

Equity, excluding minority interests, divided by number of shares at year-end.

Direct yield

Dividend as a percentage of the share price at year-end.

30 CONSIDERATIONS RELATING TO PROPOSED ALLOCATION OF PROFIT

At the 2008 annual general meeting, the shareholders must make a decision as regards the dividend proposed by the board of directors.

During 2007, SSAB's net debt/equity ratio increased through the acquisition of IPSCO. At the end of the year, the net debt/equity ratio was SEK 43,273 (- 176) million, entailing a net debt/equity ratio of 148%, compared with the Group's long-term target of 30%. The Group's retained earnings amount to SEK 15,972 million and the parent company's unrestricted funds to SEK 10,712 million. Equity includes no unrealized profits on the sale of financial instruments reported at market value. Since the end of the year, nothing has occurred which

has had a material negative impact on the Group's financial position.

For a number of years, SSAB has distributed dividends below the long-term dividend target and thus an increase is justified. However, the board believes that the increase should be limited due to the Company's current high debt/equity ratio, and thus will propose to the annual general meeting a dividend of SEK 5.00 (4.50) per share, equal to SEK 1,620 (1,166) million.

In the opinion of the Board of Directors, the proposed transfer of value to the shareholders is thus defensible in light of the demands placed by the operations with respect to the financial position.

Proposed allocation of profit

Proposed allocation of profit

The amount at the disposal of the annual general meeting is as follows:

| | |
|-------------------------|--------------|
| Retained earnings | 6,141 |
| Net profit for the year | <u>4,571</u> |
| SEK million | 10,712 |

In addition, a share premium reserve of SEK 9,391 million and a fair value reserve of SEK 235 million are at the disposal of the annual general meeting.

The Board of Directors and the President recommend that the profit be allocated in the following manner:

| | |
|-----------------------------|--------------|
| dividend to the shareholder | |
| SEK 5.00 per share | 1,620 |
| to be carried forward | <u>9,092</u> |
| SEK million | 10,712 |

As reported in the consolidated balance sheet, the Group's retained earnings amounted to SEK 15,972 (12,551) million.

The Board of Directors and the President hereby affirm that the consolidated financial statements have been reported 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 practices 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 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 6, 2008


Sverker Martin-Löf
Chairman


Carl Bennet
Member


Sture Bergvall
Member

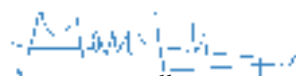

Anders G Carlberg
Member


Owe Jansson
Member


Marianne Nivert
Member


Anders Nyren
Member


Claes Ström
Member


Matti Sundberg
Member


Lars Westerberg
Member


Olof Faxander
President and CEO

Our auditor's report was submitted on February 12, 2008

PricewaterhouseCoopers AB


Claes Dablén
Authorized public accountant

Audit report

To the annual meeting of the shareholders of SSAB Svenskt Stål AB (publ)
Corporate identity number 556016-3429.

We have audited the annual accounts, the consolidated accounts, the accounting records and the administration of the board of directors and the managing director of SSAB Svenskt Stål AB (publ) for the year 2007. The company's annual accounts are included in the printed version on pages 8–88. The board of directors and the managing director are responsible for these accounts and the administration of the company as well as for the application of the Annual Accounts Act when preparing the annual accounts and the application of international financial reporting standards IFRSs as adopted by the EU and the Annual Accounts Act when preparing the consolidated accounts. Our responsibility is to express an opinion on the annual accounts, the consolidated accounts and the administration based on our audit.

We conducted our audit in accordance with generally accepted auditing standards in Sweden. Those standards require that we plan and perform the audit to obtain reasonable assurance that the annual accounts and the consolidated accounts are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the accounts. An audit also includes assessing the accounting principles used and their application by the board of directors and the managing director and significant estimates made by the board of directors and the managing director when preparing the annual accounts and consolidated accounts as well as evaluating the overall presentation of information in the annual accounts and the consolidated accounts.

As a basis for our opinion concerning discharge from liability, we examined significant decisions, actions taken and circumstances of the company in order to be able to determine the liability, if any, to the company of any board member or the managing director. We also examined whether any board member 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 our audit provides a reasonable basis for our opinion set out below.

The annual accounts have been prepared in accordance with the Annual Accounts Act and give a true and fair view of the company's financial position and results of operations in accordance with generally accepted accounting principles in Sweden. The consolidated accounts have been prepared in accordance with international financial reporting standards IFRSs as adopted by the EU and the Annual Accounts Act and give a true and fair view of the group's financial position and results of operations. The statutory administration report is consistent with the other parts of the annual accounts and the consolidated accounts.

We recommend to the annual meeting of shareholders that the income statements and balance sheets of the parent company and the group be adopted, that the profit of the parent company be dealt with in accordance with the proposal in the administration report and that the members of the board of directors and the managing director be discharged from liability for the financial year.

Stockholm 12 February 2008
PricewaterhouseCoopers AB


Claes Dablén
Authorized Public Accountant

Corporate governance report

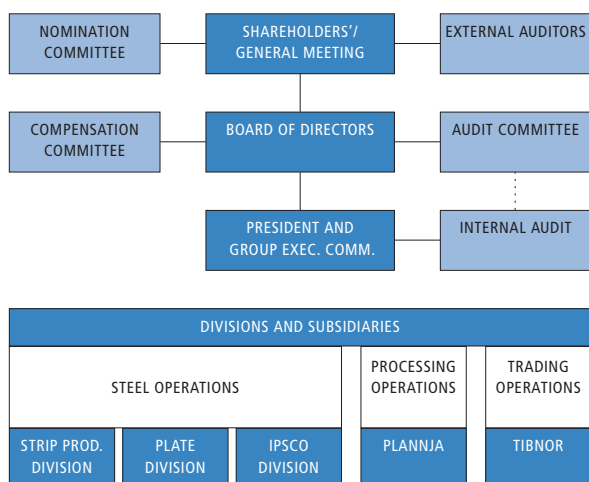
Introduction

SSAB Svenskt Stål AB was formed in 1978 and has, through a successful and deliberate niche focus, developed into one of the world's most profitable steel companies.

SSAB's organization is characterized by a decentralized work method in which responsibilities and powers are, to a large degree, delegated to the respective divisions and subsidiaries. The Group's steel operations consist of the three divisions, Strip Products, Plate and IPSCO, while the trading and processing operations consist of the subsidiaries, Tibnor and Plannja.

SSAB applies the Swedish Code on Corporate Governance (the "Corporate Code"), which constitutes a part of the rules and regulations of the OMX Nordic Exchange Stockholm (Stockholm Stock Exchange). SSAB has no derogations from the Corporate Code. In accordance with the application instructions issued by the Swedish Corporate Governance Council, this corporate governance report contains a separate section on the organization of the internal control regarding financial reporting. The report does not constitute a part of the formal annual report documentation and has not been reviewed by the Company's auditors.

SSAB's Corporate Governance Model



Important regulations and internal policies that affect corporate governance

Important internal policies

- By-laws
- The board's rules of procedure and instructions to the President
- Instructions to various board standing committees
- Finance policy
- Financial Handbook
- Business ethics rules

Important external regulations

- Swedish Companies Act
- Swedish Accounting Act
- Swedish Annual Reports Act
- Stockholm Stock Exchange's listing agreement
- Swedish Code on Corporate Governance

Shareholders

SSAB's shares have been listed on the Stockholm Stock Exchange since 1989. A trading unit consists of 100 shares. SSAB's share capital consists of Class A and Class B shares, with Class A shares carrying one vote and Class B shares carrying 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, 2007, there were 48,668 shareholders. In terms of votes, Industrivärden was the largest shareholder, followed by Swedbank Robur and LKAB. Shareholders with 1,000 shares or fewer constituted 62 (58)% of the shareholders, while the ten largest institutional owners together owned just over 38 (33)% of the share capital. The percentage of foreign shareholders was 31 (34)%. For further information regarding the ownership structure, see page 39 of the Annual Report.

The general meeting

The general meeting is the Company's highest decision-making body; it is there that shareholder influence in the Company is exercised. Shareholders who wish to participate at General Meetings, personally or through a proxy, must be entered in the share register five weekdays prior to the Meeting and must register with the Company in accordance with the notice to attend the Meeting. Notice to attend General Meetings is given through announcements and on the Company's website (www.ssab.com).

An annual general meeting (ordinary general meeting) must be held within six months of the expiration of the financial year. At the annual general meeting, the shareholders decide, among other things, on the following: election of the Board of Directors and, where appropriate, the auditors; the manner in which the Nomination Committee is to be appointed; and discharge from liability for the Board of Directors and President for the past year. Decisions are also taken regarding adoption of the financial statements, allocation of profit, fees for the Board of Directors and the auditors, as well as guidelines for compensation to the President and other senior executives.

2007 ANNUAL GENERAL MEETING

The Board of Directors presented the general meeting with a description of its work during the year and concerning corporate governance issues in general. The President informed the annual general meeting regarding the Group's development and financial position, and commented on the results for 2006. The annual general meeting adopted the Annual Report and the consolidated financial statements for 2006 as presented by the Board of Directors and the President, decided upon allocation of the Company's profits, and granted the Directors and the President discharge from liability.

In addition, the Chairman of the Nomination Committee described its work during the year and presented reasons for submitted proposals. The general meeting decided on compensation for the Board of Directors and auditors in accordance with proposals from the Nomination Committee. Carl Bennet, Anders G Carlberg, Olof Faxander (President and CEO), Sverker Martin-Löf (Chairman), Marianne Nivert, Anders Nyrén, Matti Sundberg and Lars Westerberg were re-elected to serve on the board of directors. In accordance with the Nomination Committee's proposal, PricewaterhouseCoopers AB were re-elected as the Company's auditors for the next mandate period of four years.

The general meeting authorized the board of directors, on one or more occasions prior to the 2008 annual general meeting, to adopt resolutions regarding a buyback of the Company's shares and sale of treasury shares in order to adjust the Company's capital structure as required. However, in light of the acquisition of IPSCO the board did not exercise the authority granted.

The general meeting resolved that the dividend would be SEK 4.50 per share.

All Directors and the auditor-in-charge were present at the annual general meeting. The record of the Meeting is available on SSAB's website (www.ssab.com).

Extra general meeting 2007

At an Extra general meeting held in July 2007, a resolution was adopted unanimously to amend the bylaws such that the share capital would comprise not less than 100,000,000 shares and not more than 400,000,000 shares. (Shares may be issued in two classes, class A and class B). Not more than 400,000,000 class A shares and not more than 125,000,000 class B shares may be issued.

The general meeting also resolved to authorize the Board of Directors, until December 31, 2007, to resolve on one or more new issues of shares within the limits set forth in the bylaws. In the event of such a new issue, the Company's shareholders would hold pre-emptive rights to subscribe for the new shares, pursuant to which old shares of a particular class would carry an entitlement to subscribe for new shares of the same class. The resolution entailed, however, that the Board could exercise the authority only after the shareholders of IPSCO Inc. had agreed to SSAB's acquisition of IPSCO Inc. The new issue would amount in total to approximately SEK 10,000 million. The Board of Directors subsequently resolved to carry out such a new issue pursuant to the authorization and the new issue was successfully concluded in September, whereupon the Company raised approximately SEK 10,000 million in additional shareholders' equity.

Nomination committee

The Nomination Committee represents the shareholders and, at the 2007 annual general meeting, the Chairman

of the Board was charged with requesting not less than three and not more than five of the largest shareholders to appoint one member each to form a Nomination Committee together with the Chairman of the Board. The total number of members shall not exceed six. The chairman of the Nomination Committee should be the representative of the largest shareholder. The Nomination Committee for the 2008 annual general meeting consists of Carl-Olof By (Industrivärden, Chairman), Peder Hasslev (AMF Pension), Martin Ivert (LKAB), Sverker Martin-Löf (Chairman of the Board) and Marianne Nilsson (Swedbank Robur Fonder). The composition of the committee was announced on September 27, 2007.

The duties of the Nomination Committee include, among other things, presentation of proposals as regards the nomination of, and fees for, Directors and the Chairman of the Board. The Nomination Committee shall also submit proposals to the annual general meeting regarding any compensation for the work of standing committees as well as the fees for external auditors. Proposals which shareholders wish to submit to the Nomination Committee may be sent by e-mail to valberedningen@ssab.com. The Nomination Committee's proposals are published not later than in connection with the notice to attend the annual general meeting. The term of office of the Nomination Committee extends until the composition of the next Nomination Committee has been announced.

THE NOMINATION COMMITTEE'S WORK SINCE THE 2007 ANNUAL GENERAL MEETING

Since being appointed in the autumn of 2007, the Nomination Committee has held three meetings, at which all members were present.

The Chairman of the Board has described to the Nomination Committee the process applied in conjunction with the annual evaluation of the Board of Directors, the Directors and the President and has also provided information regarding the results of the evaluation. The Nomination Committee has also met the Company's President who provided information regarding, among other things, the Company's strategy. For the 2008 annual general meeting, the Nomination Committee has prepared a proposal regarding the procedure for the appointment of the next Nomination Committee. The Nomination Committee is also charged with submitting proposals regarding fees for the Board of Directors and analyses and comparisons have been conducted with similar companies in order to form an opinion regarding reasonable fee levels.

In producing proposals regarding fees for the auditors' work, the Nomination Committee was assisted by the Audit Committee.

The Nomination Committee has, among other things, reviewed the results of the evaluation of the Board of

Directors that has been carried out and the description of the Company's strategy, etc. provided by the President, and concluded that the current board at present fulfills the demands which will be imposed on the board as a consequence of the Company's position and future focus. The Nomination Committee thus proposes to the 2008 annual general meeting the re-election of Directors Sverker Martin-Löf (Chairman.), Carl Bennet, Anders G Carlberg, Olof Faxander, Marianne Nivert, Anders Nyrén, Matti Sundberg and Lars Westerberg. The Nomination Committee's other proposals will be provided in connection with the notice to attend the annual general meeting.

External auditors

According to the by-laws, SSAB shall have one or two external auditors. At the 2007 General Meeting, PricewaterhouseCoopers was re-elected as auditor for an additional four-year term. The auditor-in-charge since 2005 is authorized public accountant Claes Dahlén, who is also the auditor-in-charge of the listed company, Karo Bio. In total, PricewaterhouseCoopers is the chosen auditor in 26 of the 72 companies in the Stockholm Stock Exchange's "Large cap" segment and in 100 of a total of 280 companies.

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 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 at which he goes through the audit for the year and discusses the audit with the Directors, without the President being present.

For information regarding fees to the auditors, see Note 2 in the Annual Report.

The Board of Directors

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) and undertakings. 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 various board committees. 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 for the remainder of the year. Other issues addressed include competition and the market situation.

The Board conducts an annual visit to one of the plants within the steel operations.

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 of Directors. In addition, the Chairman is responsible for regular contacts with the Group Executive Committee and for ensuring that the Board of Directors performs its obligations.

According to the by-laws, the Board of Directors shall consist of not less than five and not more than ten Directors elected by the general meeting. The board is quorate when more than half of the Directors elected by the general meeting are present. Directors must possess broad expertise, be versatile, and possess a suitable background for SSAB's organization, industry and operations. 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 Board of Directors for 2007 has comprised the following persons:

- Carl Bennet
- Anders G Carlberg
- Olof Faxander (CEO)
- Sverker Martin-Löf (Chairman)
- Marianne Nivert
- Anders Nyrén
- Matti Sundberg
- Lars Westerberg

In addition to the above Directors elected by the General Meeting, the Board has three members and three alternate members representing the employees.

THE BOARD'S WORK IN 2007

During 2007, sixteen meetings were held at which minutes were taken and the board has at all times been quorate. SSAB's General Counsel, who is not a Director, serves as Secretary to the board.

During the year, the board of SSAB has continued to work on the Company's strategy and organization. Among other things, a decision was taken to acquire the North American steel company, IPSCO, which since July 2007 constitutes a division within SSAB. In connection with the acquisition of IPSCO, a decision was also

APPOINTED BY THE ANNUAL GENERAL MEETING



Carl Bennet (1951)
Elected to the board 2004.
Shareholding 20,250 shares.
M.Sc. in Economics,
Tech. dr.hc. Chairman of the
Board of Elanders, Getinge
and Lifco. Deputy Chairman
of the Board of Boliden.
Formerly, among other
things, President and CEO
of Getinge.



Anders G Carlberg (1943)
Elected to the board 1986.
Shareholding 6,000 shares.
M.Sc. in Economics.
CEO of Axel Johnson
International. Director of
Axel Johnson, Beijer Alma,
Sapa and Säkl. Formerly,
among other things,
President and CEO of
Nobel Industrier and J.S.
Saba as well as Vice-President
of SSAB.



Marianne Nivert (1940)
Elected to the board 2002.
Shareholding 7,500 shares.
B.A. Chairman of the
Board of Posten. Director of
Beijer Alma, Systembolaget
and Wallenstam. Formerly,
among other things,
President and CEO of Telia.



Anders Nyérén (1954)
Elected to the board 2003.
Shareholding 2,250 shares.
M.Sc. in Economics, MBA.
President and CEO of Industri-
värden. Deputy Chairman of
the Board of Handelsbanken
and Sandvik. Director of
Ericsson, Ernström-gruppen,
Industrivärden, SCA and
Skanska. Formerly, among
other things, Deputy President
of Skanska.



Matti Sundberg (1942)
Elected to the board 2004.
Shareholding 6,000 shares.
Mining Counsellor, M.Sc.
in Business and Economics;
ekon.dr.hc. Regional Director
of Scania Nordeuropa.
Director of Boliden and
Skanska. Formerly, among
other things, Vice-President
of Valmet/Metso and Ovako
Steel.



Lars Westerberg (1948)
Elected to the board 2006.
Shareholding 6,250 shares.
Civil Engineer and MBA.
Chairman of the Board of
Autoliv and Husqvarna.
Director of Plastal and Volvo.
Formerly, among other
things, President and CEO
of Autoliv and Gränges.



Sverker Martin-Löf (1943)
Chairman of the Board.
Elected to the board 2003,
Chairman since 2003.
Shareholding 21,563 shares.
Licentiate of Technology,
dr.hc. Chairman of the Board
of SCA and Skanska. Deputy
Chairman of the Board of
Ericsson and Industrivärden.
Director of Handelsbanken.
Formerly, among other things,
President and CEO of SCA.



Olof Faxander (1970)
Elected to the board 2006.
Shareholding 3,500 shares.
M.Sc. (Material Science)
and B.Sc. (Business Admin-
istration). Chairman of the
Council of the Swedish Steel
Producers' Association.
Formerly, among other
things, Vice President of
Outokumpu.

Björn Wahlström
has been Honorary Chairman of the Company
since 1991.

The board's Secretary is **Jonas Bergstrand**,
General Counsel of SSAB.

*The shareholdings include shares held by
closely-related persons.*

APPOINTED BY THE EMPLOYEES

Alternates



Sture Bergvall (1956)
Employee representative
since 2005. Electrician,
Strip Products Division.



Owe Jansson (1945)
Employee representative
since 1990. Steel Worker,
Plate Division.



Claes Ström (1945)
Employee representative
since 2003. Accountant,
Strip Products Division.



Bo Järräng (1947)
Employee representative
since 2004. Personnel Staff,
Plate Division.



Bert Johansson (1952)
Employee representative
since 1998. Electrician,
Strip Products Division.



Ola Partén (1953)
Employee representative
since 2005. Engineer,
Strip Products Division.

| Name of Director | Elected to the Board | Total Annual Fee, SEK | Attendance Statistics 2007 | | | Independence | |
|--|-----------------------------|-----------------------|----------------------------|-------------------------|-----------------|--|--|
| | | | Board Meetings | Com-pensation Committee | Audit Committee | Independence in relation to the Company and company management | Independence in relation to the Company's major shareholders |
| Elected by General Meeting | | | | | | | |
| Sverker Martin-Löf Chairman of the Board (1943) | 2003 Chairman since 2003 | 1,125,000 | 16 | 5 | 6 | Yes | No, Director of Industrivärden |
| Carl Bennet (1951) | 2004 | 375,000 | 15 | – | – | Yes | Yes |
| Anders G Carlberg (1943) | 1986 | 450,000 | 16 | – | 6 | No, Director more than 12 years | Yes |
| Olof Faxander, President and CEO (1970) | 2006 | – | 16 | – | – | No, President of the Company | Yes |
| Marianne Nivert (1940) | 2002 | 425,000 | 16 | – | 6 | Yes | Yes |
| Anders Nyrén (1954) | 2003 | 425,000 | 15 | 5 | – | Yes | No, President and CEO of Industrivärden |
| Matti Sundberg (1942) | 2004 | 375,000 | 15 | – | – | Yes | Yes |
| Lars Westerberg (1948) | 2006 | 375,000 | 15 | – | – | Yes | Yes |
| Employee Representatives | | | | | | | |
| Sture Bergvall (1956) | 2005 | – | 16 | – | – | – | – |
| Owe Jansson (1945) | 1990 | – | 16 | – | – | – | – |
| Claes Ström (1945) | 2003 | – | 14 | – | – | – | – |
| Alternates | | | | | | | |
| Bo Jerräng (1947) | 2004 | – | 14 | – | – | – | – |
| Bert Johansson (1952) | 1998 | – | 15 | – | – | – | – |
| Ola Parten (1953) | 2005 | – | 15 | – | – | – | – |

taken to carry out a new issue of approximately SEK 10 billion pursuant to authorization granted at an extra General Meeting.

During 2007, the Board also decided upon the acquisition of Steinwalls Plåt, which is now a subsidiary of Plannja. Further, the Board has also focused on monitoring the ongoing major investments for continued growth within quenched steel.

THE BOARD'S INDEPENDENCE

The table above shows the board's independence in relation to the Company and its major shareholders, as well as attendance statistics.

There are two preparatory committees within the Board: the compensation committee and the audit committee.

Compensation committee

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 salary limits and employment terms for other senior executives. During the year, the compensation committee held five meetings at which minutes were taken. The compensation com-

mittee comprises Sverker Martin-Löf (Chairman) and Anders Nyrén. The President is co-opted to the committee but does not participate in discussions concerning his own salary and employment terms.

At the annual general meeting, the Board presents proposals regarding guidelines for the determination of salary and other compensation for the President and other senior executives, for approval by the shareholders. At the 2007 annual general meeting, it was decided that compensation to the President and other senior executives of the Company shall consist of fixed salary, possible variable compensation, other benefits, as well as pension. The total compensation package shall be on market terms and competitive, and related to the executive's responsibilities and powers. Any variable compensation shall be based on results relative to defined and measurable financial targets and shall be subject to a ceiling relative to the fixed compensation and shall not constitute a basis for pension rights. The Board of Directors shall be entitled to deviate from the guidelines where special reasons exist for doing so. For a further description of the employment terms for the Board and the Group's senior executives, see Note 2 in the Annual Report.



Audit committee

The Audit Committee complies with established rules of procedure which are adopted annually by the Board of Directors. The chairman of the Audit Committee is responsible for ensuring that the entire board as is kept regularly informed as to the work of the committee and, where necessary, shall submit matters to the Board for a decision. The main duties of the Audit Committee are 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 approves the additional services that the Company may procure from the external auditors. There is an established risk management process in the Company which is based and structured on processes and flows in production. In this process, the Audit Committee reviews and takes into account the risks that have arisen (both commercial risks and risks of errors in the financial reporting). Based on the result of the internal and external risk assessment, the committee regularly discusses the focus and scope of the audit with the Company's internal and external 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 above risk management process. 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 discusses significant accounting issues which affect the Group and assists the Nomination Committee in producing proposals as regards auditors and their fees.

In 2007, the Audit Committee continued to work on developing and improving the presentation of the external financial reporting. Among other things, an operational cash flow model was developed and approved. The Audit Committee has, together with the external auditors, reviewed and discussed the risk analysis and audit plan prepared by the auditors as a basis for the statutory audit.

The Audit Committee's members have been Anders G Carlberg (Chairman), Sverker Martin-Löf and Marianne Nivert. Two of the Committee's members are independent in relation to the Company's major shareholders.

In 2007, the Audit Committee held six meetings at which minutes were taken, at which all members were present.

INTERNAL AUDIT

Since 2006, SSAB has had an internal audit function reporting directly to the Audit Committee but functionally subordinate to the Chief Financial Officer.

The internal audit was activated in 2007 and reported the first audits in accordance with an audit plan adopted by the Audit Committee. These audits were carried out in accordance with a developed and adopted audit process which has been further developed on a regular basis

GROUP EXECUTIVE COMMITTEE

Shareholdings include shareholdings of closely-related persons.
Call options have been acquired on the market for a part of disbursed variable salary.



Olof Faxander (1970)
President and CEO
Member of Group Executive Committee since 2006.
Shareholding 3,500 shares.
M.Sc. in Material Science and B.Sc. in Business Administration. Employed at SSAB since 2006. Formerly, among other things, Vice-President of Outokumpu.



Göran Carlsson (1954)
Executive VP Strip Products Division
Member of Group Executive Committee since 2002.
Shareholding 6,519 shares and call options corresponding to 8,382 shares.
M.Sc. in Process Metallurgy. Employed at SSAB since 1989. Formerly, among other things, Chief Technical Officer of SSAB.



Karl-Gustav Ramström (1954)
Executive VP Plate Division commencing Jan. 1 2008.
Member of Group Executive Committee since 12 December 2007.
Master of Engineering in Technical Physics, MBA. Employed at SSAB since 2007. Formerly, among other things, Division Head at Svenska ABB.



Ola Hägglund (1947)
Executive VP Plate.
Member of Group Executive Committee until 12 December 2007.
M.Sc. in Material Science. Employed at SSAB since 1974. Formerly, among other things, Head of Director at SSAB Oxelösund.



John Tulloch (1947)
Executive VP IPSCO Division.
Member of Group Executive Committee since 2007.
Bachelor of Economics, M.Sc. Employed at SSAB since 2007. Formerly, among other things, Executive VP - Steel and Chief Commercial Officer at IPSCO.

during the year in order to optimize the work method and delivery of reports which generate added value. The internal audit has also continued the work on developing a uniform risk management process which will further strengthen management of the Group's operations.

For a further description of the work of the internal audit in 2007, see the section entitled "Description of the organization of the internal control with respect to financial reporting – the Board's report for the 2007 financial year".

Group Executive Committee

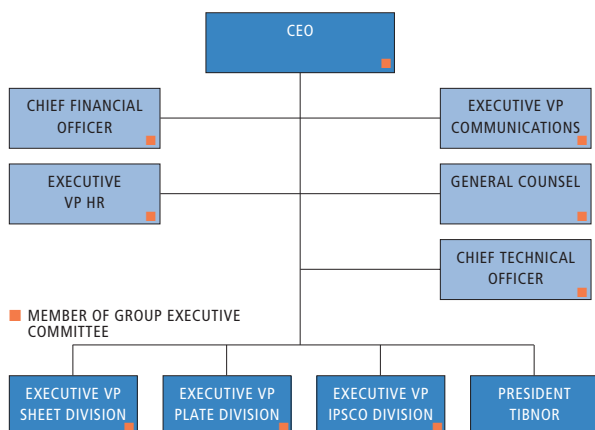
The Group Executive Committee is responsible for the formulation and implementation of the Group's overall strategies and addresses issues such as acquisitions and divestments. These issues, as well as major investments (in excess of SEK 50 million), are prepared by the Group

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. The Group Executive Committee consists, in addition to the President, of the Executive Vice Presidents of the Strip Products Division, Plate Division and IPSCO Division, the Chief Financial Officer, General Counsel, Executive Vice President Human Resources, Chief Technical Officer and Executive Vice President Communications.

The Group Executive Committee holds monthly meetings in order to discuss the results and financial position of the Group as well as divisions/subsidiaries. Other issues addressed at Group Executive Committee meetings include strategic issues and follow-up on budget and forecasts.

The head of each division and subsidiary is responsible for the respective income statement and balance sheet. Overall operational control of the divisions takes place through monthly performance reviews and, in Plannja and Tibnor, through each Board of Directors. 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 Board's of the subsidiaries monitor the ongoing operations and determine strategies and budgets.



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 followed up and that the owners'



Jonas Bergstrand (1965)
General Counsel.
Member of Group Executive Committee since 2006.
Shareholding 833 shares.
LLB. Employed at SSAB since 2006. Formerly, among other things, corporate counsel at ABB, OM Gruppen and Ericsson Radio Systems.



Martin Lindqvist (1962)
Chief Financial Officer.
Member of Group Executive Committee since 2001.
Shareholding 17,109 shares.
B.Sc. in Economics. Employed at SSAB since 1998. Formerly, among other things, Controller at SSAB Tunnpått and Chief Controller at NCC.



Martin Pei (1963)
Chief Technical Officer.
Member of Group Executive Committee since 2007.
Ph. D in Technology. Employed at SSAB since 2001. Formerly, among other things, head of slab production in the Plate Division.



Helena Stålnert (1951)
Executive VP Communications.
Member of Group Executive Committee since 2007.
Masters degree in journalism. Employed at SSAB since 2007. Formerly, among other things, Senior Vice President, Communications at Saab; Head of news at Swedish Television.



Anna Vikström Persson (1970)
Executive VP Human Resources.
Member of Group Executive Committee since 2006.
Shareholding 500 shares.
LLB. Employed at SSAB since 2006. Formerly, among other things, Head of HR at Ericsson's Swedish Division.

AUDITORS

PricewaterhouseCoopers AB Elected at the 2007 annual general meeting for a term until the close of the 2011 Annual General Meeting.
Auditor-in-charge: **Claes Dahlén**, authorized public accountant.

investments are protected. In addition, the internal control shall ensure that the external financial reporting is, with reasonable certainty, reliable and prepared in accordance with generally accepted accounting principles, that applicable laws and regulations are complied with, and that the requirements imposed on listed companies are complied with.

In 2007, SSAB decided to establish a Risk Committee with the task of developing and implementing a uniform risk management model for the Group. The Risk Committee will function as a preparatory body for the Group Executive Committee with the primary tasks of identifying and evaluating the Group's risks and compiling and updating SSAB's risk structure and risk model. The work also includes assessing the preventative measures to be taken in the internal control in order to reduce and prevent the Group's risks. The committee also has the task of ensuring that the Group holds appropriate insurance cover and preparing documentation as a basis for decisions to be taken by the Group Executive Committee concerning changes in, among other things, policy, guidelines, and insurance cover. In order to cover SSAB's risks as fully as possible, the committee consists of heads of the divisions, Group personnel and the head of the internal audit. The committee meets at least four times per year.

For a description of the organization of the internal control with respect to financial reporting, see below.

Description of the organization of the internal control with respect to financial reporting – the Board's report for the 2007 financial year

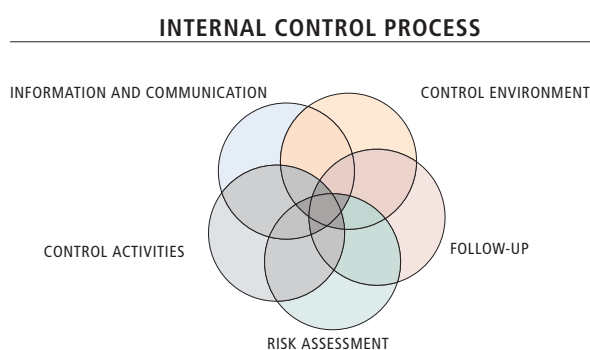
According to the Swedish Companies Act and the Swedish Code on Corporate Governance, the Board of Directors of SSAB is responsible for the internal control. This section has been prepared in accordance with section 3.7.2 of the Swedish Code on Corporate Governance, and supplementary instructions issued by the Swedish Corporate Governance Council. This report has not been reviewed by the Company's auditors.

Framework for internal control

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 is based on the organization's control environment and includes primarily the following components: risk assessment, control activities, information and communications as well as follow-up.

SSAB's internal control process is structured in order to ensure, to a reasonable degree, the quality and accuracy of the financial reporting. In addition, the process shall ensure that the reporting is prepared in accordance with applicable laws and regulations as well as require-

ments 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 exist and that information and communication as well as follow-up function in a satisfactory manner.



Control environment

The control environment is characterized by the organization structure, management's work method 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 follows up 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 CEO who, in turn, has delegated responsibility to other members of Group Executive Committee and heads of divisions/subsidiaries.

A number of projects are being conducted with the aim of ensuring that the Group's internal controls meet the requirements imposed by various interested parties. Based on a current status analysis and through regular modifications, the projects have resulted in improvements in work methods, routines and documentation. In order to ensure the quality of the financial reporting, regular work takes place on further developing common Group policies and manuals; among other things, a Financial Handbook for the Group has been produced and is being communicated throughout the Group. In addition to the Financial Handbook for the Group, the most important overall control documents and policies for the Group are the finance policy, the information policy and ethics policy. In addition to these common Group policies, there are local control documents and policies, e.g. credit policy and policy for dissemination of financial information.

All divisions and subsidiaries have adopted guidelines with respect to ethical issues. The work on clarifying the Group's Code of Conduct will continue during 2008. This represents a stage in further strengthening the

communication of the Group's values and philosophy. For additional information regarding SSAB's Code of Conduct, see page 15 of the Annual Report.

Risk assessment

SSAB is an organization which is exposed to various risks, both internally and externally. In order to ensure a sound internal control to a reasonable degree, the risks which may affect the financial reporting are identified, gauged and measures are taken. The Group's system for identifying, reporting and taking measures as regards risks is integrated in the ongoing reporting to Group Executive Committee and the Board of Directors 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 and only general risk assessments take place on a Group level. Responsible persons in the Group identify, monitor and follow-up opportunities and risks. This creates conditions for well-founded and correct commercial decisions at all levels. Financial risks such as currency, financing and liquidity risks, as well as interest rate and credit risks, are handled primarily by the parent company's finance and accounting function in accordance with the Group's finance policy (see Note 27 of the Annual Report).

During 2006, an in-depth risk analysis was carried out, which resulted in an improved risk management model that was implemented in 2007. This work will continue in 2008 through SSAB's Risk Committee. For an overview of the Group's commercial risk exposure, see also the section entitled "Internal control and risk management" and page 18 of the Report of the Directors.

Control activities

The primary purpose of control activities is to prevent, and discover at an early stage, errors in the financial reporting so that these 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. Depending on the nature and affiliation of the control activity, corrective measures, implementation, documentation and quality assurance take place on a Group, subsidiary or process level. As with other processes, the relevant head is responsible for the completeness and accuracy of the control activities.

In 2007, the Group has commenced work on implementing a joint Group consolidation system. This work will be completed in 2008 and will result in a further strengthening of the internal control over financial reporting. Work has also been taking place in the Group

involving automation of more controls and processes and limitations on authority in IT systems in accordance with express and ostensible authority.

Control activities are carried out on all levels in the Group. For example, there are established Controlling functions which analyze and follow-up deviations and forward reports in the Company. Follow-up by Group Executive Committee takes place, among other things, through regular meetings with heads of divisions and subsidiaries with regard to the operations, their financial position and results, as well as financial and operational key ratios. The Board of Directors analyses, among other things, monthly business reports in which the Group Executive Committee describes the period that has passed 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 include ensuring the existence of a well-functioning reporting structure in which the divisions/subsidiaries report in accordance with standardized reporting models, as well as important income statement and balance sheet items being specified and commented on.

Information and communication

EXTERNAL

SSAB's communications must be correct, open, prompt and provided simultaneously to all interested groups. All communications must take place in accordance with the listing agreement for listed companies in Sweden. The financial information must provide the stock market, current and future shareholders, with a comprehensive and clear impression of the Company, its operations, strategy and financial development. The Board of Directors approves the Group's annual report and press releases regarding results and instructs the CEO to submit interim reports in accordance with the board's rules of procedure. All financial reports are published on the website (www.ssab.com) after having first been sent to OMX Nordic Exchange. In addition, they are distributed to all shareholders who have not waived the right to receive such information.

Financial information concerning the Group may be provided only by the CEO and the Group's Chief Financial Officer as well as by the Executive Vice President Communications and the Head of Investor Relations. The divisions/subsidiaries disseminate financial information about their operations only after the Group has published equivalent information.

The Company applies a closed period policy whereby

no financial information is presented three weeks prior to publication of full-year or interim reports.

In the event of a leakage of price-sensitive information or upon the occurrence of special events which may affect the valuation of the Company, OMX Nordic Exchange will be notified thereof, after which a press release containing the same information will be distributed. Informational activities are governed by an information policy.

INTERNAL

Each division and subsidiary has a chief financial officer who is responsible for maintaining 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 divisions/subsidiaries. At these meetings, the divisions/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 reports changes in the accounting principles and policies for the Group as well as other issues relating to the financial reporting.

Follow-up

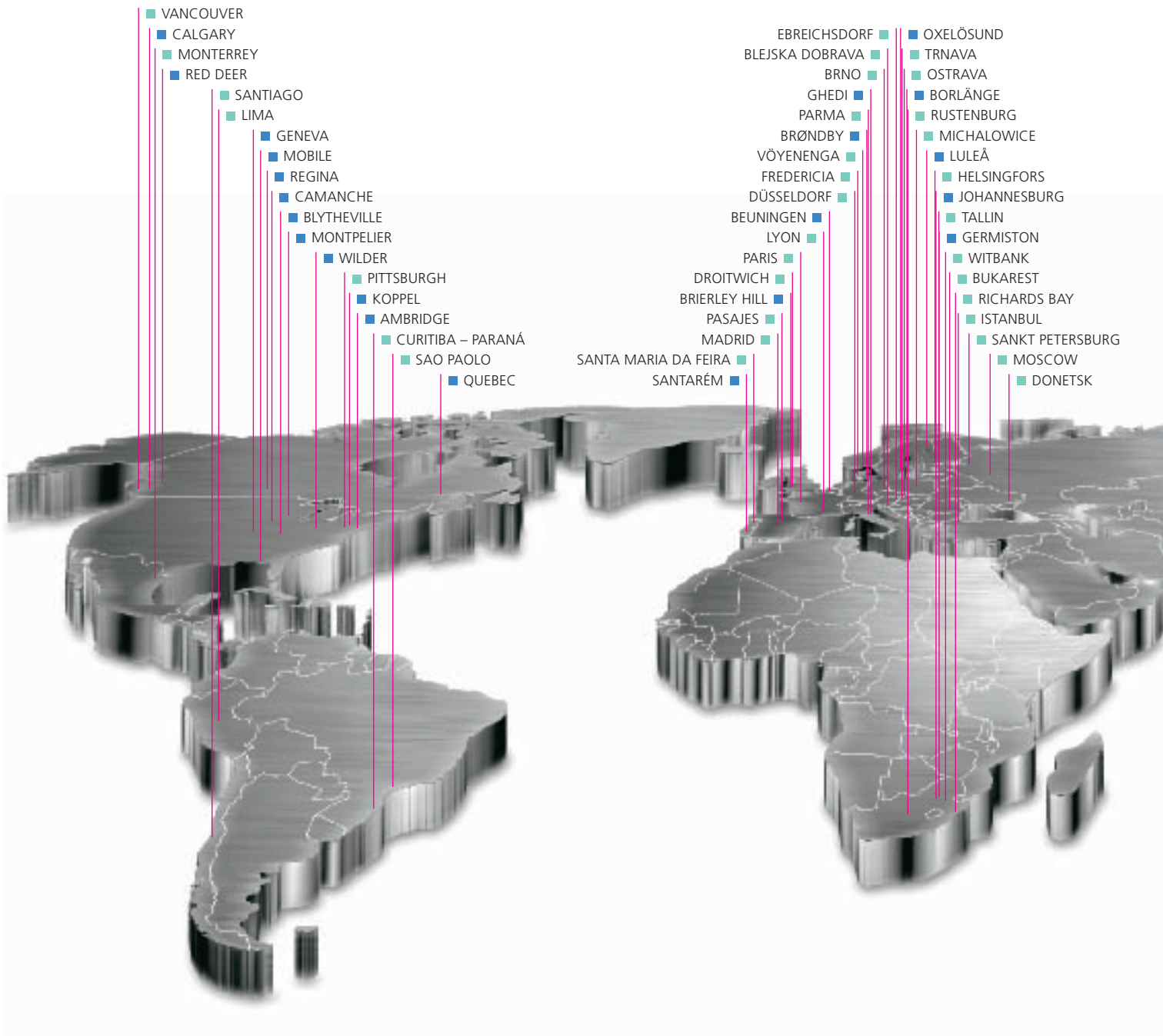
The board's follow-up of the internal control with respect to financial reporting takes place primarily through the Audit Committee, among other things through follow-up of the work and reports of the internal and external auditors.

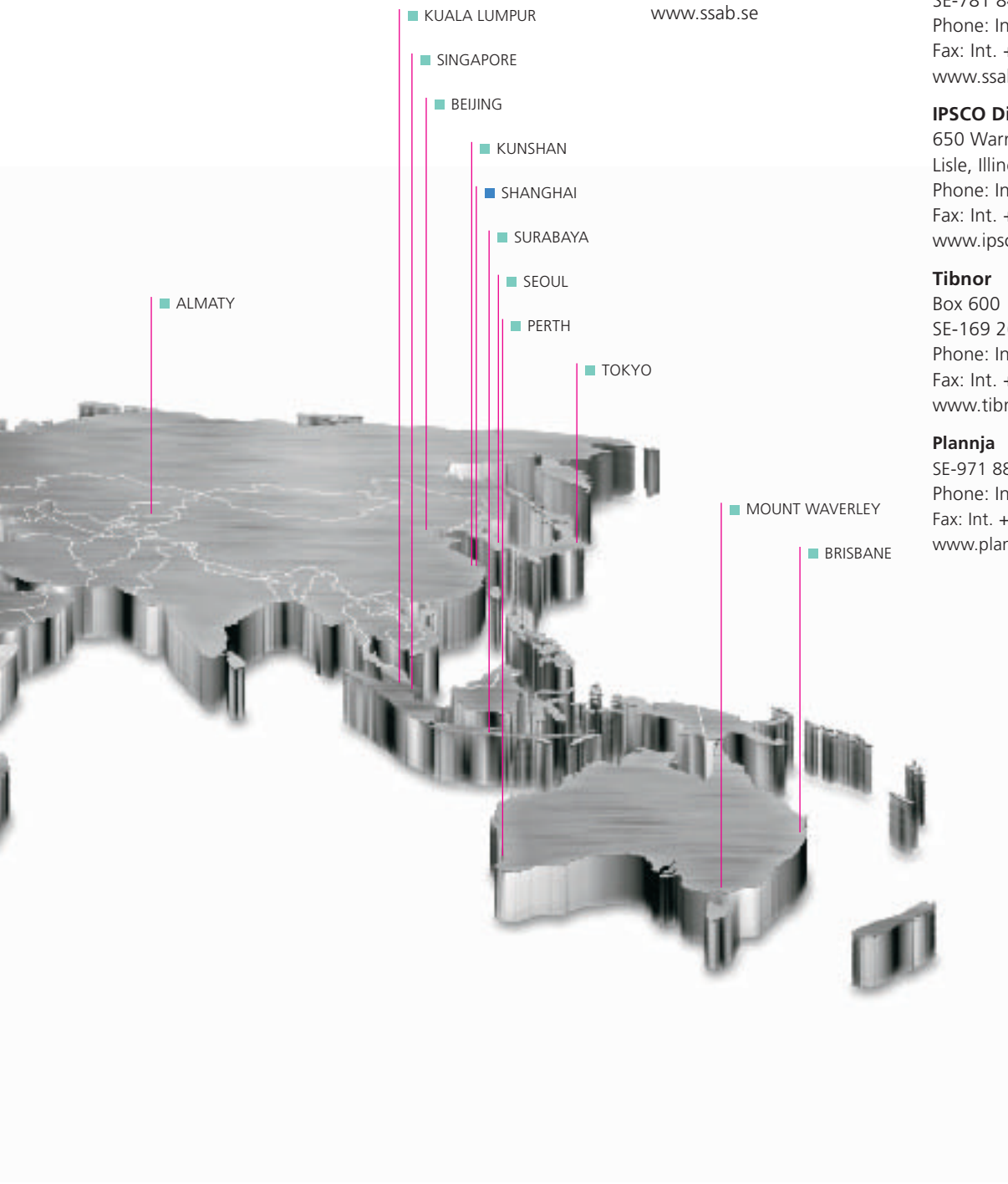
The internal audit has carried out independent and objective reviews in accordance with an established audit plan. The reviews are carried out in accordance with an adopted audit process which commences with an annual risk analysis in order to create an audit plan which, following completion of the audit, is formally concluded with regular reporting back to the Audit Committee of observations and measures taken by the Company. The audits are carried out as process audits focusing on SSAB's compliance with its rules and regulations and the existence of efficient and suitable processes for risk management, business management and internal controls.

The external auditors review 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 2007, the external auditors reviewed the internal control in selected key processes and reported thereon to the Audit Committee and Group Executive Committee.

SSAB worldwide

■ PRODUCTION UNIT ■ SALES OFFICE





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Fax: Int. +46 155-25 40 73
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Plate Division
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Fax: Int. +46 243-720 00
www.ssabtunnplat.com

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■ ALMATY

■ KUALA LUMPUR

■ SINGAPORE

■ BEIJING

■ KUNSHAN

■ SHANGHAI

■ SURABAYA

■ SEOUL

■ PERTH

■ TOKYO

■ MOUNT WAVERLEY

■ BRISBANE



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