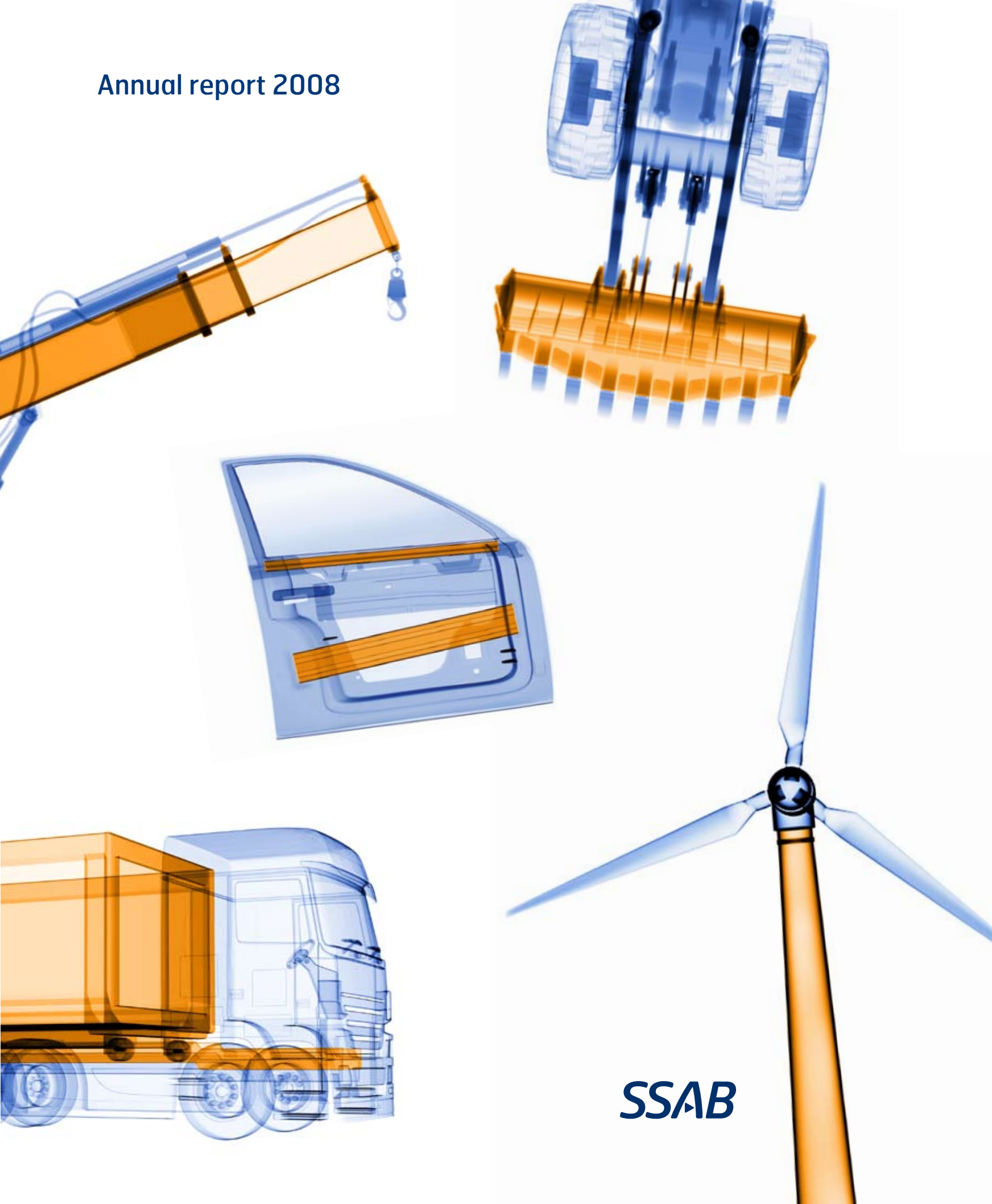


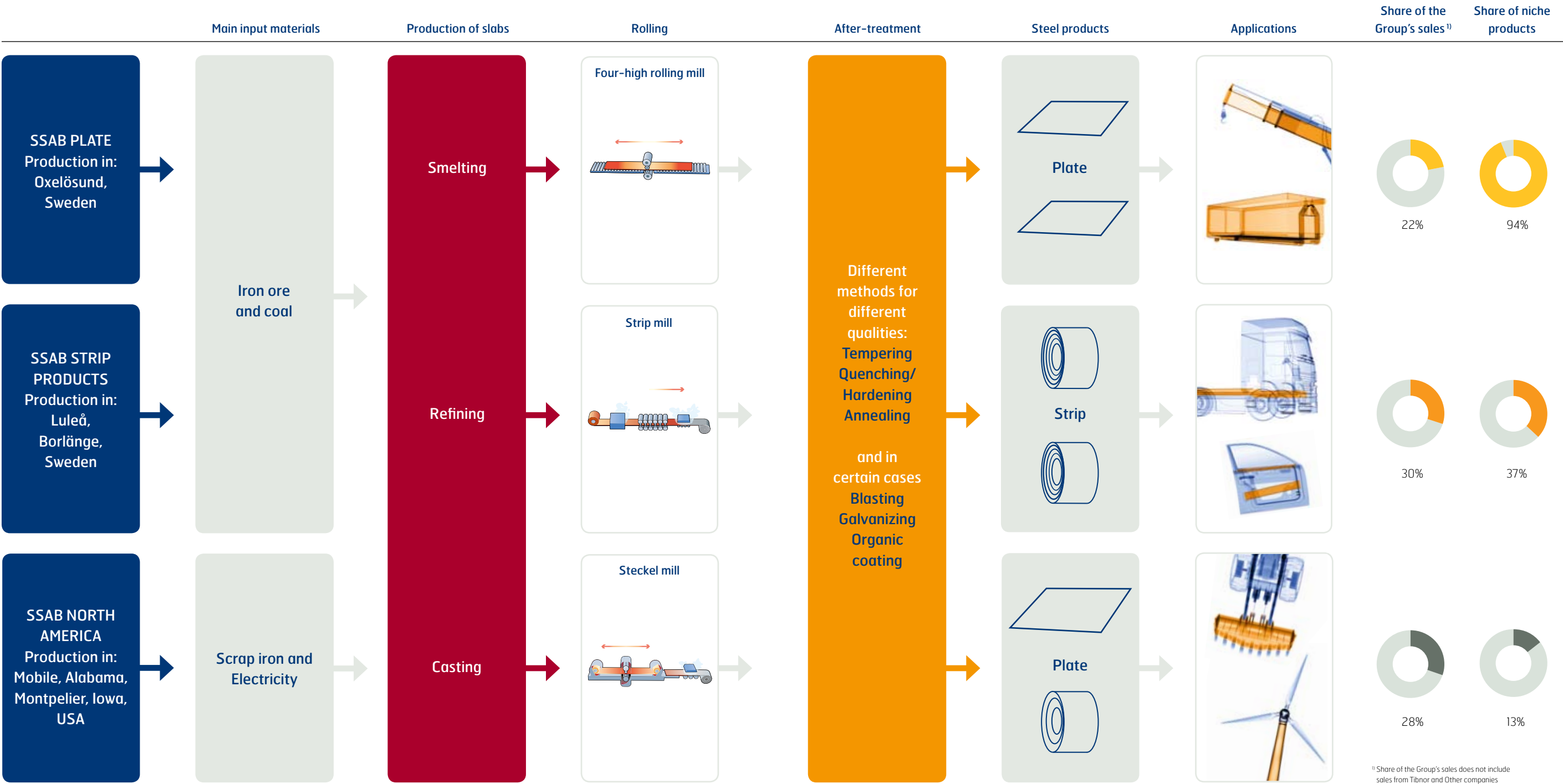
Annual report 2008



SSAB

SSAB in 90 seconds

SSAB is a leading manufacturer of high-strength and quenched steels, with production in Sweden and the United States. We develop solutions that increase the competitiveness of our customers. In 2008, sales amounted to SEK 54 billion and earnings were the highest in the Company's history.



¹⁾ Share of the Group's sales does not include sales from Tibnor and Other companies

Significant events during 2008

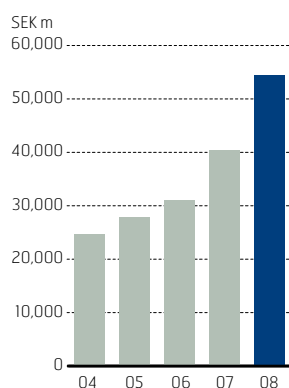
The operations

- A strong beginning of the year developed into a severe slow-down during the final quarter
- Decisions regarding SEK 5.3 billion in strategic investments aimed at doubling quenched steel capacity within five years
- The tubular business in North America was sold during the second quarter
- Cost savings program has been initiated, with full impact commencing 2010
- Endeavors within health and safety yielded continued positive results in the form of lower levels of sick leave and fewer accidents

Profit

- Profit was the highest in SSAB's history
- Sales increased by 34 percent to SEK 54,329 (40,411) million
- Profit after financial items, including non-recurring items, amounted to SEK 8,953 (6,964) million
- Profit after tax was SEK 6,508 (5,035) million, an increase of 29 percent. Earnings per share were SEK 19.90 (16.63)
- Cash flow from the current operations for the entire business was SEK 5,387 (3,574) million
- The net debt/equity ratio at year-end was 48 (150) percent
- Proposed dividend of SEK 4 (5) per share

Sales



Operating margin

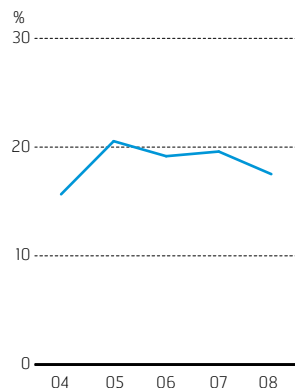


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The Annual Report is published in Swedish and English. In the event of differences between the English translation and the Swedish original, the Swedish Annual Report shall prevail.

Highest profit for 30 years, despite severe slowdown

In many ways, 2008 was a turbulent year for SSAB. The most pleasing factor was, of course, that once again we were able to deliver an extremely good result. But the dramatic downturn in demand that we experienced towards the end of the year was more worrying.

This year, too, our strategy of being the leader within high-strength steels has proved to be very sustainable. We increased the share of niche products to 33 percent of our deliveries, which demonstrates that we are well in line with established growth targets. Interest in our high-strength steels continues to grow. This is the case as regards both the quenched steels in the plate area and the advanced



high-strength steels in our strip products business. The increased demand for these steels is driven both by increased environmental awareness and our customers' needs to keep down energy consumption. Through the use of high-strength steels our customers are able to manufacture products that are lighter, more sustainable and stronger than what is possible with standard steel.

Profit

The profit for 2008 was extremely strong, the highest ever in the Company's history with an operating profit of SEK 9,516 million. The return on capital employed was 17 percent. The strong result is due to the fact that growth in demand was very strong during the first half of the year and some way into the autumn. Our focus on niche products, together with a strong contribution from SSAB North America (formerly IPSCO), has also had a positive impact on earnings. In the long term, this focus makes us less sensitive to business cycle fluctuations than if we only produced standard steels. Our financial position has strengthened appreciably through

the sale of IPSCO's tubular business. We were able to reduce our net debt and we achieved a capital structure which is closer to our long-term targets. At the same time, we have retained the synergies identified in conjunction with the acquisition of IPSCO. We now have a streamlined steel business in the United States with two very modern and competitive plants. We succeeded in handling the dramatic increases in raw material prices during the first half of the year without them affecting the earnings trend.

Earnings per share amounted to SEK 19.90. The Board has decided to propose a dividend of SEK 4 per share, which is a reduction of SEK 1 per share since last year. The number of shareholders in SSAB has increased substantially during the year and there are now approximately 62,000.

The market

Following a strong start to the year, demand for steel plummeted towards the end of the year. This was the case in all geographic markets and all customer segments. The decline was particularly noticeable in the automotive industry, construction industry and infrastructure in general. Following the rapid slowdown during the final quarter, global production for the full year closed down 1.8 percent. Exports from China fell by 5.5 percent. Towards the end of the year, it was extremely difficult to make any assessment regarding the trend going forward.

Strategy

During these circumstances, it is assuring to have a clear and unambiguous strategy for the future. SSAB's strategy of growth in the niche business, increasing profitability at our plants and developing the organization is more important than ever. We are convinced that, to an ever increasing degree, high-strength steels will replace standard steels in the coming years. When competition intensifies, as at present, it is also of utmost importance that production is well-trimmed and that we deliver on our promises to our customers. Good management is a prerequisite for achieving these objectives. During the past year, we have invested in management development within SSAB and we now have a joint plan of action for developing our managers. We have

also continued the work on productivity improvements, more efficient purchasing and management of capital. During a series of visits to all major production plants together with several of my colleagues from the Group Executive committee, I have met with almost all employees to discuss and gain support for our strategy, our values and our vision for the future.

The fact that we have succeeded in delivering such a strong result during the past year is, first and foremost, a tribute to our knowledgeable and skilled employees, and I truly wish to thank all who have contributed to our fine performance.

Capital expenditures

Our belief in the future is also evident from the capital expenditures program which was presented in August. We are currently investing SEK 5.3 billion in developing our product range and our production plants. We are acquiring the possibility to produce quenched strip products in Borlänge, initially with an annual volume of 300,000 tonnes. We are increasing quenched plate capacity in the United States from 100,000 tonnes to 400,000 tonnes. We are eliminating bottlenecks so that we can focus even more on developing our advanced steels in Oxelösund, where capacity will increase from 700,000 tonnes to 780,000 tonnes.

Savings

In response to the deteriorating market situation, we decided on an extensive cost savings program. The objective is to achieve savings of SEK 1.0 billion per year with full impact commencing 2010. The program involves cutbacks in personnel and we will, of course, do what we can in order to mitigate the effect of these cutbacks for those employees who must now leave SSAB. At the same time, it is important that we achieve our savings goals and do not incur costs that reduce the possibilities for future investments.

Prospects

Even if the prospects for the coming year initially appear to be bleak, I am optimistic as regards the long term. The world needs steel. There are many countries that need to develop

infrastructure, housing and transportation systems. Increased demands to reduce carbon dioxide emissions mean that ever more customers are seeking new, lighter, more sustainable and stronger products. This provides great advantages for the environment and will have a positive impact on demand for SSAB's products. SSAB will enjoy a strong position on the future steel market.



Olof Faxander
President and CEO

A stronger, lighter and more sustainable world

SSAB's overall focus is on global leadership within high-strength steels and a leading position in the domestic markets.

Global leadership within high-strength steels

SSAB has developed special expertise within high-strength strip products and quenched steels within plate, which provide end users with productivity and environmental advantages. This niche has demonstrated a higher rate of growth and profitability than the steel industry as a whole. The underlying motives are increased demands for economies in the use of energy and resources, as well as cost efficiency. SSAB is actively working to broaden the use of high-strength steels and thereby expanding the market.

HIGH LEVEL OF EXPERTISE

The Company has developed a high level of expertise as to how high-strength steels can create environmental and productivity benefits for the customer and end users. SSAB cooperates with its customers in the development and design of new products. This creates opportunities for long-term relationships with customers and increased sales of SSAB's products.

NEW MARKETS

SSAB is continuously engaged in identifying new sectors and markets in which high-strength steels can be used. Development projects carried out for a customer in one sector are transposed to other sectors. Similarly, knowledge about new areas of application is transferred between the Company's different markets. The acquisition of IPSCO has created a strong platform for expanding the niche operations in North America.

Leader in two domestic markets

SSAB has two domestic markets: the Nordic region and North America. That is where the Company has a strong and broad market presence and can exploit the cost benefits generated by production close to the customers. In the Nordic region, for example, the subsidiary Tibnor is the leading full range distributor in the market. In North America, SSAB is one of the leading suppliers of plate, with a strong position within several important market segments.

Plan of action

SSAB's strategic action plan for the coming years is aimed at further strengthening the Group's profitability and growth.

Accelerate niche product growth

Growth within high-strength steels is increased through a number of market strategy measures. Extensive work on the product and service offerings is being carried out in those segments where SSAB is able to develop, maintain and strengthen its leading position.

Increase profitability at current plants

The overall Group program for increased productivity has been implemented. The target is to increase productivity by approximately 5 percent annually. Efforts are being made to reduce fixed costs, increase efficiency in the use of working capital and realize economies of scale within purchasing, and

also to strengthen customer service, technical support and applications development services.

Strengthen the organization

The Company is engaged in utilizing synergies between the Group's various units. Large parts of the administrative support functions, namely finance, purchasing, logistics, personnel and market administration, are being coordinated. At the same time, proactive measures are being taken to strengthen the organization within several key areas, including through the management development program. The Group's management and governance model has been revised to further strengthen the business.

Financial targets

SSAB has established a number of financial targets in order to ensure the Company's long-term development.

Capital structure

The Group's operations are sensitive to the state of the economy. The objective is a long-term equity ratio of approximately 50 percent and a long term net debt/equity ratio of 30 percent.

Dividends

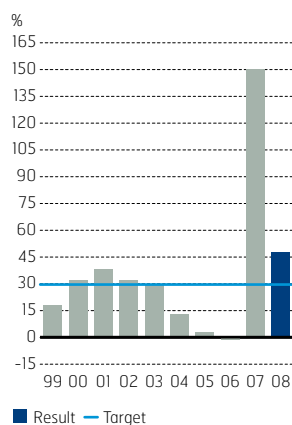
Dividends shall be adapted to the average level of earnings over a business cycle and, in the long term, constitute approximately 50 percent of profit after tax. In the short term, however, the net debt/equity ratio must be taken into account. It shall also be possible to use dividends to adjust the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

Profitability

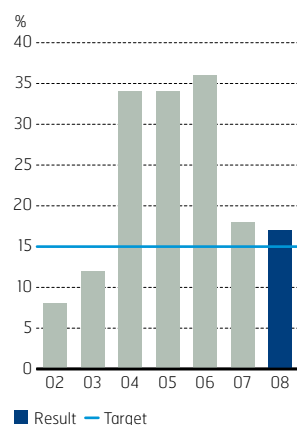
In order to secure long-term development and taking into consideration the equity ratio requirement and the dividend policy, the target is that the return on capital employed over a business cycle must exceed 15 percent.



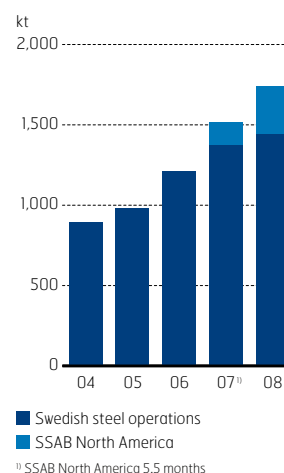
Net debt/equity ratio



ROCE – return on capital employed



Niche products (deliveries)



Steel that creates value for the customer and the customer's customer

SSAB's strategy is based on manufacturing niche products and selling and developing them in a unique way. Through close cooperation with our customers, new products and areas of application can be developed.

Strong brands

SSAB and its products enjoy a strong position in the market. Unlike most other steel companies, SSAB has several very well-known brands, such as Hardox, Domex, Weldox, Docol, ArmoX, Prelaq and Toolox. The qualities of the products as regards to high strength, wear and tear, abrasion resistance, bending, welding, etc. have led to a strong position in the market. With SSAB's steels, customers are able to manufacture products that are lighter, have a longer life and are stronger than products made of traditional steel.

But SSAB's sales methods also differ from other steel companies. Most companies in the steel industry sell their products based on product names through wholesalers and Steel Service Centers. SSAB also does this to a certain extent. However, what makes SSAB unique is the close cooperation with the customers. By selling directly to the customers and participating in the customers' own product development, SSAB has been able to develop the customers' business while, at the same time, developing SSAB's own expertise.



In order to support the customers' product development and increase their knowledge regarding the qualities of the high-strength steels, SSAB has specialists and applications engineers who possess broad expertise within most industries. SSAB's customers are to be found, for example, within the automotive industry, where SSAB's products are included in various types of impact safety beams and super structures

such as containers and dumper beds. Other important customer segments include mining and construction machinery, crane manufacturers, manufacturers of contract work machinery, the recycling industry and the energy sector.

Research and development

In addition to development work together with the customers, SSAB also engages in long-term research and development. During the year, research and development expenditures amounted to almost SEK 250 million. A research and development council was established in 2008 to co-ordinate the strategic research efforts.

SSAB enjoys close cooperation with selected research and development institutions. Important partners in the Group's research and development network include the Swerea institutions (Swedish research), MEFOS and KIMAB, as well as the following industry organizations: the Swedish Steel Producers' Association, Eurofer (the European Confederation of Iron and Steel Institutes) and the World Steel Association (formerly IISI). In North America, SSAB supports research activities at a number of universities, e.g. McGill, McMaster, University of Alberta, University of British Columbia and Colorado School of Mines.

SSAB's added value for the customer

- High product quality and leading product characteristics
- High level of expertise regarding usability, including effects on maintenance, lifespan, productivity and environment in various applications
- Strong brands, requested by many of the customer's customers
- Competitive advantages in the form of reduced fuel consumption



Applications expertise in heart and soul

For many years, SSAB has been a leader within the high-strength steel niche. By teaching the market to think in terms of high-strength steels, to think creatively and see the potential, new areas of use and new industries have been continuously opened up for SSAB. The expert groups within applications expertise, i.e. the Knowledge Service Center within SSAB Strip Products and Market Projects within SSAB Plate, play a central role in this work.

The Knowledge Service Center in Borlänge is the hub for applications expertise within SSAB Strip Products. Engineers with various skills work there in cooperation with customers in order to create applications of the future. But in order to provide the customers with the fastest possible service, several of the Knowledge Service Center's experts live and work in various parts of the world. In a similar manner, there is an application development expert group within SSAB Plate. The department, which is located within Market Projects in Oxelösund, is divided into two groups: the Wear Technology Group, which is focused entirely on wear and tear and abrasion resistance, and the Conceptual Design Group, which works on design solutions and stress analyses.

"We have brought together doctors of technology and graduate engineers within different aspects of design and strength theory. Using advanced computer models, e.g. FEM (Finite Element Method) and wear and tear models developed in-house, they can make almost all conceivable calculations regarding how much a design is affected by wear and tear and stress," says Hans Konradsson, head of the Market Project Group within SSAB Plate.

Both trucks and containers become lighter with high-strength steels from SSAB. The steel increases the payload and the transports become more efficient.

Even if their expertise within design and applications design is high, there is another factor that makes them so important for SSAB and its customers.

"They are familiar with the characteristics of our different steel products and how they react and behave. It is this combined expertise which is required in order to provide the customers with the best possible support," continues Hans.

Most development projects are carried out in cooperation with the customers. They have identified a problem and come to SSAB. "These are often customers with whom we've had a long relationship. They present the problem, for example that an excavator must be stronger, withstand more wear and tear or be lighter in order to carry a greater payload. Based on how the problem is formulated, we then sit down together and check their own drawings, and see what we can do. It's important to understand that it's not merely a question of replacing the ordinary steels with high-strength steel. One must think in entirely new terms."

A good example of this is the work together with the German truck bed manufacturer, Carnehl. This is a far-sighted customer who wanted to test whether it was possible to make an improved dumper bed for trucks through the use of high-strength steel. The bed was previously designed with straight corners and reinforcement beams to keep the bed as rigid as possible. Together with the Conceptual Design Group, Carnehl came to the conclusion to do the opposite instead. The bed was given a U shape, without reinforcement beams and with as few points as possible for securing to the truck. It was then possible to exploit the steel's elasticity instead. The high-strength steel expands like a plastic bag when the bed is filled and regains its shape when it is emptied. Without beams and with lighter steel, the vehicles could carry a greater load and consume less fuel. Carnehl was the first in the world with this solution, which is now almost standard among all truck manufacturers.

"We have subsequently succeeded in transferring the same concept to another industry. Together with the container manufacturer Unirop, we have built containers with the same shape and design, which have also been a success for the customer. That's when we really feel we are contributing to something - when the customers harvest success thanks to our steel and our expertise," concludes Hans Konradsson.



Abrasion-resistant grass cutters gave Kuhn the Swedish Steel Prize

Kuhn is one of Europe's leading manufacturers of agricultural machinery and vehicles. When its management decided also to venture into road border maintenance and landscape maintenance machinery, new requirements were imposed. The first development project was a grass cutter for road borders, with the attendant increased demands as regards strength and abrasion resistance. "There is a great difference between a machine which is intended to be used a hundred or two hundred hours a year and a machine which is in operation fifteen hundred hours a year," says Mickaël Peterschmitt, project manager at Kuhn.

Product for professional users

Kuhn wished to create a grass cutter for mounting on an ordinary tractor, at the end of a long arm. The arm must be rotatable in different directions, since the driver needs to gain access to clear up from various angles. In addition, one of the demands was a high level of user-friendliness and good ergonomics. Among other things, the driver should be able to see the grass cutter without turning around. Thus, the arm had to be able to withstand major torsional forces, exacerbated by the fact that the grass areas are often uneven and inaccessible. With these factors in mind, the design needed to be both lighter and stronger than previous designs.

"Our first idea was to increase the strength, but we quickly realized that it was equally important to reduce the total weight. The solution was to go over to advanced high-strength steels," says Pascal Gauthron, project engineer at Kuhn and primarily responsible for the design of the new grass cutter.

Gains within many areas

The new product, Pro-Longer, has improved operating economy, ergonomics and environmental qualities. Using a combination of strip steel and plate from SSAB, the main arm of



Pro-Longer became 23 percent lighter than with traditional steels. Despite this, it is 20 percent stronger. In addition, Kuhn has been able to reduce the load on the counterweight which balances the arm. The reduced weight allows for softer working with the tractor as well as less wear and tear on the chassis and wheel suspension. The grass cutter has been a success for Kuhn. Almost 200 units are currently in operation in France, Germany, Denmark and Great Britain and there is a long waiting list.

SWEDISH STEEL PRIZE 2008

Each year, SSAB invites entries for the Swedish Steel Prize. The competition is open to all who use high-strength steels. The aim is to stimulate new, innovative methods of use.

Winner 2008 - Kuhn

The French company, Kuhn, was awarded this year's prize for a new grass cutter for the maintenance of road borders and ditches. High-strength steels have provided improved operating economy, ergonomics and environmental qualities for the user and an improved production economy for Kuhn.

Other nominations in 2008

The Swedish company, LKAB, has developed an iron ore car which facilitates the transportation of larger quantities of iron ore. Through the use of high-strength steels, the design has become lighter and more durable. It is thus possible to increase the payload by approximately 25 percent compared with previous cars. This reduces energy consumption per tonne of transported ore.

Modex from Great Britain has developed an electric-powered vehicle for commercial use with high-strength steels in the chassis. It will replace traditional ve-

hicles which are used for courier and small deliveries in metropolitan environments. The light design allows for increased load, with retained performance.

The Spanish company, Silos Cordoba, has designed a new silo using high-strength steels. It weighs 25 percent less than traditional alternatives, thereby generating both operational and economic advantages. It is easier to assemble the silo on site and the cost of transporting the silo has been reduced by almost 30 percent, thanks to reduced fuel consumption.

SSAB reaches 30

In 2008, SSAB celebrated 30 years as a company, but its history goes back much further than that. SSAB was formed in 1978 through the merger of Domnarvets Jernverk in Borlänge, Norrbottens Järnverk in Luleå and Oxelösunds Järnverk in Oxelösund.

The Company is firmly rooted in local communities and its history is interwoven with the development of the communities around the mills. Since its inception, SSAB has successfully developed into one of the most profitable steel producers in the world today, with a well-defined strategy focused on selected niche segments within high-strength and quenched steels.

Domnarvets Jernverk: new communities develop

Just as paper mills have been the origin to many mill villages in Sweden, many communities developed around two factors that were the seeds of today's Swedish steel industry, namely mines and iron mills. As a result of rationalizations due to increased international competition at the end of the 1800's, the small-scale iron mills in Bergslagen were replaced by larger mills. With the new railway line between Falun and Gothenburg, in 1872 a decision was taken to establish a new iron mill, Domnarvets Jernverk, at Domnarvforsen. Together with a nearby paper mill, the iron mill contributed to a large population influx. The owners of the mill built housing for the large numbers of industrial workers and professional and clerical staff who were employed in the industry.

Following an extensive modernization and development program in the middle of the 1950's, steel production in Domnarvet amounted to 400,000 tonnes per year. At one time this was the largest steel mill in Sweden and, in 1973, employed 6,300 people.

Oxelösunds Järnverk: steel mill along the coast

Iron ore for export was transported by railway from Grängesberg to Oxelösund, which is the deepest port in northern Europe. It was a natural development to establish an iron mill in Oxelösund, which took place between 1914 and 1917. The mill was the first in Sweden to use coke, which was extracted from stone coal in the plant's own coking plant, in the production of iron. During the 1950's, the iron mill developed into the largest work place in Oxelösund and had a strong impact on the economy of the town. During the period 1957-61, the plant was expanded into an integrated iron, steel and rolling mill with plate as the main product. The most important area of use was ship plate.

Norrbottens Järnverk: proximity to iron ore

In 1938, the report of the so-called Pig Iron Committee proposed that an iron mill should be established in Luleå and, in 1940, Norrbottens Järnverk AB, NJA, was formed with the Swedish State as owner. The modern city of Luleå had developed since the Malmaban railway was built towards the end of the 1880's. The iron mill was gradually expanded and included, among other things, an iron and steel mill with coke furnace, electric pig iron and steel furnaces, a Kaldo process mill, rolling mill, Thomas mill and port facilities. At the beginning of the 1960's NJA was Sweden's second-largest steel producer with an annual production of 400,000 tonnes and accounted for 30 percent of the country's exports of rolled steel products.



1977-1978: SSAB is formed – steel crisis in the western world

In the middle of the 1970's, the steel industry in the western world was characterized by an extensive structural crisis; the combination of significant excess capacity, out-of-date equipment and high labor costs was devastating. With competition from new manufacturing countries with modern equipment and low production costs, the losses became great. In addition, there was a lack of capital for necessary investments. As a consequence of the report of the so-called Commercial Steels Committee, NJA, Domnarvets Jernverk and Oxelösund were merged into a single company, Svenskt Stål AB, SSAB, following a decision by the Swedish Parliament in 1977. The Swedish State was the largest owner, while Gränges and Stora Kopparberg each held a 25 percent stake in the newly-formed company. SSAB commenced its operations on January 1, 1978.

1978-1986: restructurings to increase profitability

During the economic downturn at the beginning of the 1980's, excess capacity continued to plague the global steel industry, with profitability problems for the entire industry. In order to reduce the supply of steel, the EC introduced production quotas and restrictions on the commonly occurring state subsidies.

During SSAB's first year, a radical structural program was launched and a total of over SEK 3 billion was invested in the first few years. Focus was placed on increasing efficiency and, as a first stage, the ore-based production in Domnarvet was discontinued. The number of employees at the iron mill fell dramatically. Admittedly, SSAB began to show a profit but the return on capital was insufficient and there remained a need for continued restructuring in order to improve profit-

ability. A decision was taken to focus on strip steel production at Domnarvet and over SEK 1.5 billion was invested in the hot strip rolling mill, cold rolling and cutting lines in order to modernize the iron mill. The focus on being a streamlined strip steel producer with a new product range and modern facilities was to provide a stable foundation for the future. When the major investment in Strip Mill 82 was completed, an annual rate of production of 1 million tonnes was reached.

Since the market for Oxelösund's main product, ship plate, had largely disappeared, the solution to Oxelösund's profitability problems was to focus on industrial plate and high-strength quenched steels. However, profitability problems remained as regards the iron ore mines, which were a vestige from Grängesberg, and long products such as bars and reinforcement steel, without any solution being found.

SSAB strengthened its positions in the market stage through the acquisition of Tibnor.

1987-1989: new structural plan lays the basis for today's SSAB

Toward the end of the 1980's, a global economic upturn led to increasing demand for steel and higher prices. Profits and profitability throughout the industry improved. In order to achieve a balance in production and to streamline the product range, SSAB presented a new structural plan. The business would be focused on production, processing and sales of strip products and plate, within the Tunnpått (strip products) and Oxelösund Divisions. As part of the plan, the scrap metal-based steel production in Borlänge was also shut down and Domnarvet became a pure strip steel producer.

Production of long products was discontinued and the profiled steel operations in Luleå were sold to Ovako. The workforce continued to diminish and productivity and profits



increased. During the summer of 1989, SSAB was listed on the stock exchange.

1990-1995: niche strategy further developed

The general economy deteriorated at the beginning of the 1990's and the steel industry once again faced profitability problems. Sweden entered into a deep recession and SSAB's domestic market shrank. A larger part of production was exported to outside the Nordic region and the EU, which had a negative impact on profitability. Rationalization work and work on reducing costs continued.

SSAB's niche strategy became increasingly clear - to be a special steels company within commercial steels focusing on two main areas, namely high-strength strip products and quenched abrasion-resistant plate. Through efficient modern plants, product development in cooperation with the customers and by focusing on quality, service and on-time deliveries, SSAB aimed at becoming one of the world's most profitable steel producers. During this period, the Swedish State sold its remaining stake in SSAB.

1996-2000: a period of investments

During the latter half of the 1990's, SSAB carried out a major investment program to increase capacity within the niche segment.

In Borlänge, among other things, investments were made in a new rougher in the hot strip rolling mill and in Luleå, the larger blast furnace was expanded, while the smaller furnace was shut down. In Oxelösund, investment took place in a new four-high rolling mill.

Increased profitability allowed SSAB to transfer capital to the shareholders via redemptions and share buy-backs.

2000-2008: China drives global demand

The decade thus far has been characterized by greatly increased demand from China. Consolidation within the steel industry has increased and steel producers have gone from being regional to global.

SSAB Plate has achieved a position as a world-leading producer of quenched steels and SSAB Strip Products is one of the leading producers in Europe within high-strength strip products. With the acquisition of IPSCO in North America in 2007, SSAB carried out one of the largest Swedish corporate acquisitions of modern times. Through the acquisition, SSAB's competitiveness increased outside Europe and the Company is able to continue developing its strategy towards a higher portion of niche products. In 2008, SSAB reported the highest profit ever in the Company's history.

30-year summary

	2008	2007	2006	2005	2004	2003	2002	2001	2000	1999
Sales, SEK millions	54,329	40,441	31,054	27,804	24,631	19,806	19,271	19,682	19,271	16,807
Profit after financial items, SEK millions	8,953	6,964	5,949	5,648	4,758	1,343	816	913	1,870	467
Equity ratio	51%	32%	68%	66%	60%	54%	53%	51%	50%	56%
Return on capital employed	17%	18%	36%	34%	34%	12%	8%	8%	15%	5%
Average number of employees	9,172	8,663	8,031	8,832	9,412	9,570	9,592	9,809	9,831	9,529

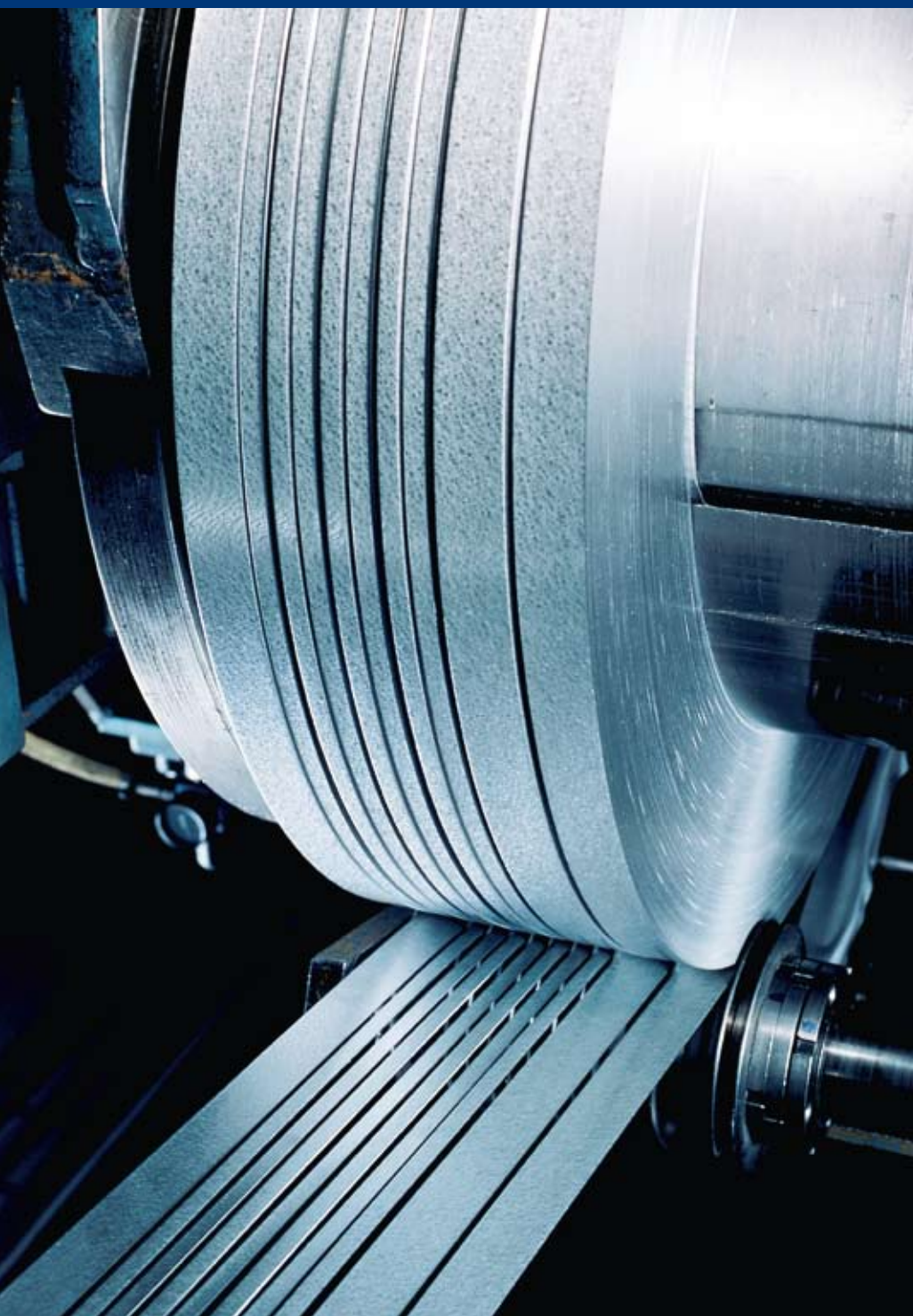
	1998	1997	1996	1995	1994	1993	1992	1991	1990	1989
Sales, SEK millions	17,835	17,474	17,408	19,004	15,677	12,994	11,875	13,763	15,619	15,972
Profit after financial items, SEK millions	1,424	1,906	2,091	3,832	2,145	802	-165	218	954	1,579
Equity ratio	58%	70%	66%	64%	58%	49%	46%	45%	31%	32%
Return on capital employed	11%	14%	16%	33%	22%	11%	3%	7%	14%	21%
Average number of employees	9,661	9,630	9,705	9,778	9,562	9,716	10,224	11,403	12,014	12,153

	1988	1987	1986	1985	1984	1983	1982	1981	1980	1979
Sales, SEK millions	14,499	13,559	13,010	12,931	11,960	10,435	8,979	7,267	7,383	4,174
Profit after financial items, SEK millions	1,146	409	245	205	565	303	23	-774	-584	-410
Equity ratio	25%	26%	25%	31%	33%	34%	36%	37%	30%	38%
Return on capital employed	17%	10%	8%	8%	12%	9%				
Average number of employees	12,801	14,352	15,354	14,865	15,012	14,711	14,709	17,017	17,573	16,105

Report of the Directors

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Market

Record high raw material prices, strong growth and a strong price trend were replaced by a rapid and deep economic downturn.

Rapid changes on the market

The credit crisis which began in the United States in 2008 quickly became a global financial crisis. Towards the end of the year, the crisis in the financial systems had led to an extensive downturn in the economies and industrial operations of the entire western world.

Until then, the increased globalization of the 2000's and low interest rates had resulted in long-lasting growth in the economy. Investments in the infrastructure, housing and industrial facilities of developing countries led to a strong increase in demand for steel. In the mature economies of Europe, North America and Japan, demand for steel increased by 1 percent per year between 2000 and 2007; in the rest of world, demand increased by 11 percent per year.

2008 also began strong. Steel prices reached new record levels. In April, the steel industry's cooperation organization, the World Steel Association (formerly IISI) published a forecast which indicated 7 percent growth in steel consumption in 2008. Due to the major uncertainty that had arisen, the organization declined to issue any forecast in October, as it normally does.

The beginning of 2008 was also characterized by sharp increases in the prices of raw materials. Prices for Australian coke coal increased by 200 percent, at the same time as iron ore prices rose by over 80 percent. During the first part

of the year, scrap metal prices doubled in North America.

During the year, several steel companies chose to integrate backwards and buy into both iron ore and coal production. In September, it was possible to discern a weakening in global demand for steel. China's rate of growth was moderated somewhat, the construction sector slowed down and there subsequently followed a sharp decline in demand from the automotive and construction machinery industries. Since then, the extraordinary events in the financial sector and the sharp deterioration in the future perspective for steel-using industries have led to sharply reduced demand for steel in all markets.

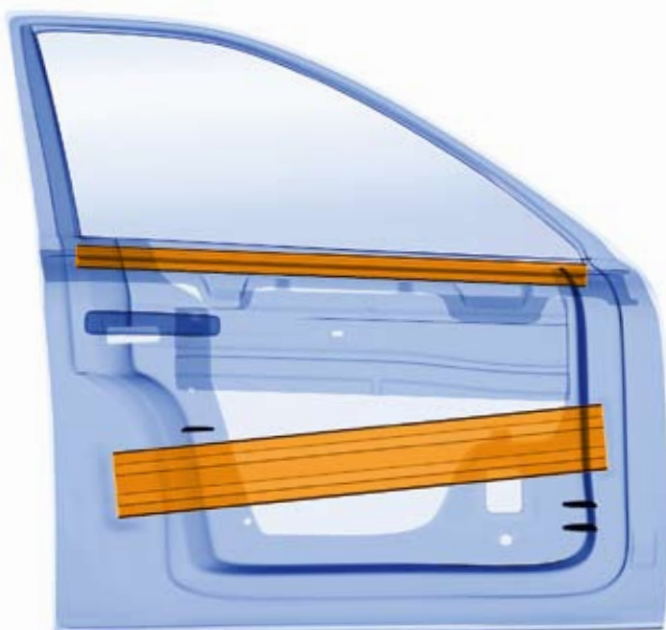
China, which accounts for 35 percent of total global steel consumption, showed signs of weakening. Prices on certain markets fell by almost 50 percent from the summer's top levels.

Steel producers throughout the world announced substantial cutbacks in production, between 25 and 40 percent since September, in response to the reduced demand and falling prices.

During the final months of the year, extensive stimulus programs were announced; the impact of these programs is expected to materialize during the second half of 2009 at the earliest.

Crude steel production per market (thousand tonnes)

	2008	2007	%	Q4-08	Q4-07	%
Europe	198	210	-6	39	51	-25
USA	91	98	-7	16	25	-38
CIS	114	124	-8	19	31	-40
China	500	495	1	110	124	-11
Other	424	424	0	88	104	-15
Global	1,327	1,351	-2	271	335	-19



SSAB has tailor-made products which combine high strength with narrow bending radii. These are important qualities in the production of side impact beams for passenger cars. The material is light, strong and contributes to a high level of safety.

Sales and profit

SSAB operates in a global market with its strongest positions being in Europe and North America. The customer segments vary somewhat between the divisions, but the focus is primarily on infrastructure, the transport sector, the mining industry and energy.

Customers comprise large global customers and smaller local customers, as well as distributors primarily in the North American market.

The sales trend for SSAB was strong during the first three quarters of the year, driven by strong demand in all geographic markets and within all segments. During the fourth quarter of the year, as a consequence of the financial turbulence, deliveries declined compared with the corresponding quarter of 2007. The Group's sales increased by 34 percent, to SEK 54,329 (40,441) million. SSAB North America accounted for SEK 10,638 million of the increase. In the Swedish business, prices accounted for 10 percentage points, an improved product mix for 2 percentage points, while lower volumes accounted for -3 percentage points.

For the Group as a whole, 75 (69) percent of sales were outside Sweden, as shown in the table below.

Sales per market area

SEK millions	2008	Share %	2007	Share %
Europe	31,756	59	30,054	74
of which Sweden	13,518	25	12,485	31
NAFTA	19,171	35	7,873	19
South America	526	1	255	1
Asia	2,154	4	1,710	4
Other	722	1	549	1
Total	54,329		40,441	

Sales on the ten largest markets

SEK millions	2008	2007	Change %
USA ¹⁾	17,962	7,053	n.m.
Sweden	13,518	12,485	8
Germany	2,810	2,669	5
Finland	2,306	2,325	-1
Italy	2,093	1,843	14
Denmark	1,884	2,136	-12
Benelux	1,530	1,320	16
Norway	1,233	1,158	6
Great Britain	1,113	1,253	-11
Canada	1,101	697	58
China	945	792	19

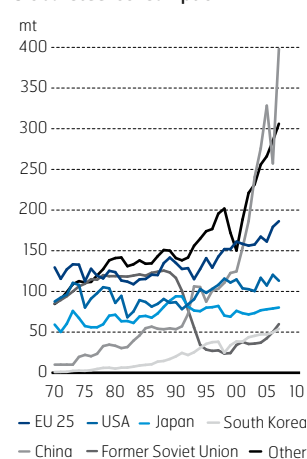
¹⁾ 2007 includes SSAB North America during the 5.5 months in which SSAB North America was included in the Group.

External sales per business area

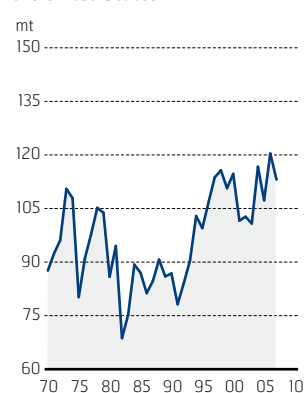
SEK millions	2008	%	2007	%
SSAB Strip Products	14,110	26	13,373	33
SSAB Plate	10,760	20	8,292	21
SSAB North America ¹⁾	16,455	30	6,073	15
Tibnor	10,457	19	10,263	25
Other	2,547	5	2,440	6
Total	54,329	100	40,441	100

¹⁾ SSAB North America is included in the Group commencing July 18, 2007.
Note: preliminary consumption figures for 2008 are not yet known since Worldsteel has not issued any forecast. An assumption has been made in the graphs below that the decline in production is proportionate to the decline in consumption.

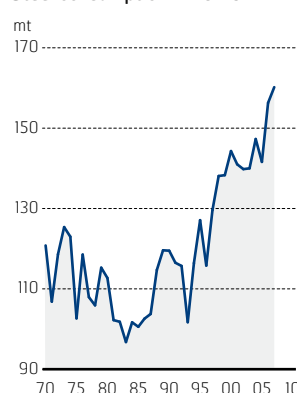
Global steel consumption



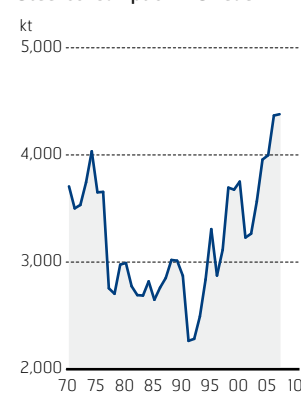
Steel consumption in the United States



Steel consumption in EU-15



Steel consumption in Sweden



Cost savings program

As a consequence of the sharp decline in the steel market and the uncertain prospects for 2009, at the beginning of December the Board decided on a cost savings program which is expected to reduce operating costs by at least SEK 1 billion per year. The program involves a reduction of 1,300 jobs. The savings program will be implemented in 2009 and the full impact is expected to materialize in 2010. The cost of the program is estimated at approximately SEK 550 million, of which SEK 498 million affected the fourth quarter of 2008.

Cost trends

Raw materials are priced in the world market and the prices, which are primarily quoted in USD, are very sensitive to the steel business cycle. Iron ore and coal have traditionally been the dominant raw materials within SSAB and price and delivery agreements are normally entered into annually at the beginning of the year.

The price for iron ore was established at the beginning of April and entailed a price increase in USD of 87 percent. The ore deliveries were hedged and a weaker dollar compared to last year meant that the price in SEK increased by 60 percent. The iron ore agreements entered into effect at the beginning of the year but, due to existing stocks of raw materials, steel slabs and finished products, the full impact on earnings did not materialize until towards the end of the first quarter. With respect to coal, agreements were entered into which, in total for the entire annual volume for 2008, meant a price increase in USD of approximately 100 percent. Including changes in freight costs and the impact of the favorable dollar rate, this resulted in a total price increase in SEK of almost 75 percent. The coal agreements entered into force on April 1 but, due to existing stocks, the full impact on earnings was not felt until the third quarter. Scrap metal, which is an important raw material for the North American operations, is regularly bought on the market. Scrap metal prices increased during the first six months of the year but subsequently fell back during the latter part of the year. However, towards the end of the fourth quarter it was possible to note some increases in scrap metal prices. The other important input material for SSAB North America is electricity, for which long-term contracts have been executed, mainly at fixed prices. Electricity contracts extend until 2011, 2016 and 2018.

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 iron ore-based steel production. Coal also provides approximately 85 percent of the energy for the Swedish steel operations. Energy is otherwise provided

through electricity, oil and LPG. In total, the Swedish steel operations consumed 1,638 (1,651) GWh of electric power and 1,629 (1,778) GWh of oil and LPG during the year. By utilizing the energy-rich gases that are formed during steel production, among other things electricity is produced at the OK3 heat and power plant in Oxelösund and in the half-owned energy company, Lulekraft. During the year, these plants produced 837 (819) GWh of electricity.

Electricity and natural gas represent significant energy costs for SSAB North America and account for approximately 10 percent of total steel plant production costs. SSAB North America has long-term, inflation-indexed agreements. In total, the Group's energy costs (excluding coal) amounted to SEK 3,146 (2,024) million.

Non-recurring items (continuing operations)

During 2008, a provision in the amount of SEK 498 million was made for the cost savings program. During 2008, final insurance indemnification was received regarding the blast furnace breakdown which occurred at SSAB Strip Products' plant in Luleå in 1997. The total effect on earnings was SEK 260 million, of which SEK 146 million comprised interest compensation.

In 2007, Tibnor sold a number of properties which were not necessary for the operations, realizing a total capital gain of SEK 97 million. Non-recurring write-downs on surplus values in inventories in SSAB North America affected earnings by SEK 570 million, while non-recurring expenses regarding the financing of the IPSCO acquisition affected financial items by a total of SEK 512 million.

Non-recurring items		
SEK millions	2008	2007
Effect on profit		
Non-recurring items, surplus values, inventories	-	-570
Provision, cost savings program	-498	-
Insurance indemnification, blast furnace breakdown	114	-
Capital gain from sale of property companies	-	97
Effect on operating profit	-384	-473
Interest on indemnification, blast furnace breakdown	146	-
Non-recurring expenses, financing of IPSCO	-	-401
Redemption of financial lease in IPSCO	-	-111
Effect on profit after tax	-238	-985

In total, non-recurring items are included in operating profit in the amount of SEK -384 (-473) million and in profit after financial items in the amount of SEK -238 (-985) million.

Profit		
SEK millions	2008	2007
Sales	54,329	40,441
Operating profit	9,516	7,923
of which operating profit per business area		
- SSAB Strip Products	3,324	3,472
- SSAB Plate	3,154	2,676
- SSAB North America ¹⁾	2,951	1,383
- Tibnor	634	877
Write-down, SSAB North America's surplus values, inventories ²⁾	-	-570
Provision, cost savings program ³⁾	-498	-
Other	-49	85
Operating profit	9,516	7,923
Financial items ⁴⁾	-563	-959
Profit after financial items	8,953	6,964
Tax	-2,445	-1,929
Profit after tax for continuing operations	6,508	5,035
Profit after tax for discontinued operations	490	-377
Total profit after tax	6,998	4,658
Key ratios		
Return on capital employed before tax	17	18
Return on capital employed after tax (%)	22	22
Earnings per share (SEK) ⁵⁾	21.41	15.36
of which continuing operations (SEK) (kr) ⁵⁾	19.90	16.63
Goodwill (SEK millions)	21,105	27,252
Equity (SEK millions)	35,193	29,119
Net debt (SEK millions) ⁶⁾	16,992	43,643
Net debt/equity ratio (%)	48	150

SSAB North America has been included in the Group since July 18, 2007. During the first quarter of 2008, the surplus values from the acquisition were adjusted, which also affected the profit reported for 2007.

¹⁾ SSAB North America's operating profit during 2008 was affected by SEK 745 million in amortization of surplus values of intangible and tangible fixed assets. During 2007, these amortization amounted to SEK 449 million.

²⁾ The surplus value on SSAB North America's inventories at the time of the acquisition was SEK 570 million, the full amount of which was borne by earnings during 2007.

³⁾ The provisions are reported here as a joint item for the entire Group. The preliminary allocation between the divisions is: SEK 200 million (SSAB Strip Products), SEK 125 million (SSAB Plate), SEK 0 million (SSAB North America), SEK 34 million (Tibnor), SEK 62 million (Other subsidiaries), as well as an unallocated portion of SEK 77 million.

⁴⁾ Financial items for the full year have been positively affected by the interest compensation of SEK 146 million which was included in the indemnification regarding the blast furnace breakdown. Non-recurring costs of SEK -512 million for financing the acquisition of SSAB North America were included in the full year results for 2007.

⁵⁾ Earnings per share have been adjusted in accordance with the bonus issue element in the new issue.

⁶⁾ Since the beginning of the year, net debt has been calculated in accordance with a new definition which, among other things, means that current tax receivables and tax liabilities are no longer included in net debt. The comparison figures for 2007 have been adjusted.

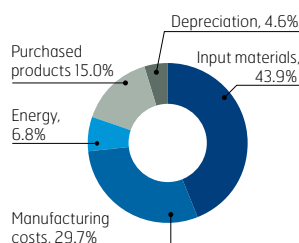
Adjustment of surplus values

At the time of the acquisition, IPSCO had booked assets of SEK 28.7 billion as well as current and long-term liabilities of SEK 12.6 billion, i.e. booked net assets of SEK 16.1 billion.

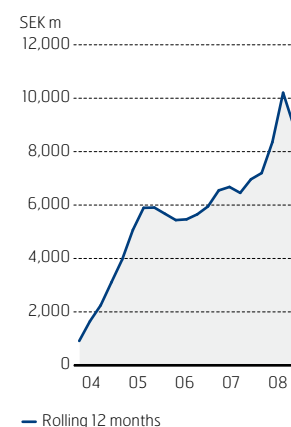
The purchase price including acquisition costs exceeded the net assets by SEK 34.5 billion. SEK 1.0 billion was allocated to surplus values in inventories, while an amount of SEK 5.0 billion was provisionally allocated on tangible assets, SEK 6.6 billion on intangible assets and SEK -4.4 billion on deferred tax liabilities, after which the remaining SEK 26.3 billion was reported as goodwill.

The surplus value in inventories was borne by earnings for the third quarter of 2007, while the preliminary surplus values on machinery and equipment, as well as on customer relations, were deemed to have a useful life of ten years. A more detailed review was carried out during the first quarter of 2008, whereupon the fair values of the various categories of assets as well as the average period of depreciation/amortization were adjusted somewhat. The adjusted values are presented in note 24. Since the adjustment was carried out retroactively from the date of the acquisition, this entailed changes to the reported values for 2007. In total, this meant that profit after tax for the entire operations was SEK 27 million lower partly as a result of the adjustment of the depreciation/amortization and in part due to the fact that the booked deferred tax liabilities with respect to the surplus values fell as a consequence of a change in the tax rate in Canada, from 33 to 30 percent, at the turn of the year 2007/2008. The income statement and balance sheet for 2007 have been adjusted accordingly.

The Group's cost structure



Profit after financial items



Operating profit for the full year increased by SEK 1,593 million, to SEK 9,516 (7,923) million. Excluding non-recurring items, profit amounted to SEK 9,900 (8,396) million, an increase of 18 percent. Of this, the "old SSAB" contributed SEK 6,949 (7,013) million, while SSAB North America contributed SEK 2,951 (1,383) million.

The profit analysis is presented in the table below.

Change in operating profit, excluding non-recurring items, between 2008 and 2007 (SEK millions)	
Swedish steel operations	
- Improved prices	+3,240
- Lower volumes	-160
- Higher costs of goods sold	-2,820
SSAB North America	
- Operating profit (of which amortization on surplus values -296)	+1,568
Tibnor	
- Higher volumes and lower margins	-37
Joint	
Fixed costs	-226
Other	-61
Change in operating profit	+1,504

Financial items amounted to SEK -563 (-959) million. Financial items were positively affected by a non-recurring item of SEK 146 million regarding the interest compensation included in the indemnification received in respect of the blast furnace breakdown. Financial items for 2007 included SEK -512 million in non-recurring expenses for financing the acquisition of IPSCO.

Profit after financial items for the full year amounted to SEK 8,953 (6,964) million, an increase of SEK 1,989 million. Excluding non-recurring items, profit was SEK 9,191 (7,849) million, an increase of 17 percent.

Taxes

The tax expense for the year was SEK 2,445 (1,929) million and the effective tax rate was 27 (28) percent. The tax expense was positively affected by SEK 126 million due to a reappraisal of deferred tax liabilities in Sweden, since the Swedish corporate income tax rate has been reduced from 28 to 26.3 percent as from January 1, 2009 and due to the utilization of previously non-booked tax credits in the United States amounting to SEK 80 million.

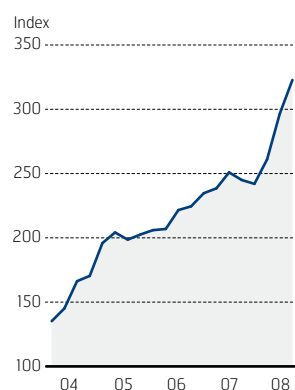
Profitability and equity ratio

Profit after tax and minority interests for the full year amounted to SEK 6,445 (4,937) million, equal to SEK 19.90 (16.63) per share. Total profit amounted to SEK 6,935 (4,560) million, equal to SEK 21.41 (15.36) per share.

Including discontinued operations, the return on capital employed before tax for 2008 was 17 percent and the return on equity after tax was 22 percent. For 2007, the corresponding figures were 18 percent and 22 percent respectively. Following the dividend to the shareholders of SEK 1,620 million, the addition of profit for the year (SEK 6,935 million) and following translation differences in equity of SEK +789 million, the shareholders' equity in the Company at the end of the year amounted to SEK 34,994 (28,890) million, equal to SEK 108.64 (89.19) per share.

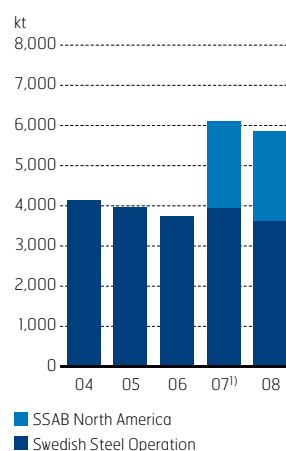
Profitability and the net debt/equity ratio in relation to targets are presented in a diagram under the heading Financial Targets on page 5.

Price trend¹⁾



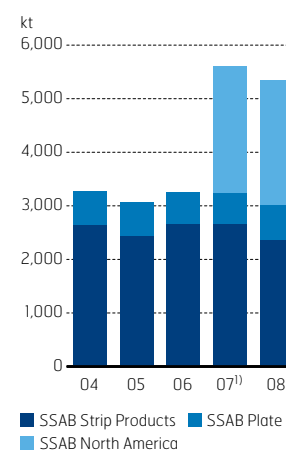
¹⁾ Relates to the Swedish steel operations.
Index 100 = 1988 Q1

Crude steel production



¹⁾ SSAB North America pro forma full year of 2007.

Plate production



¹⁾ SSAB North America pro forma full year of 2007.

Test of impairment for goodwill

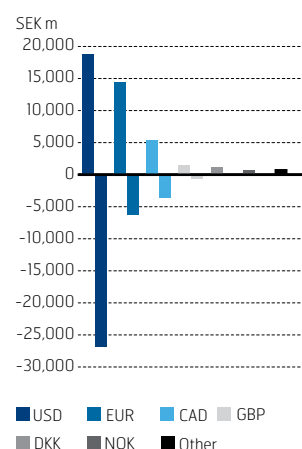
On November 30, 2008, the first impairment test was carried out regarding the goodwill which arose in conjunction with the acquisition of IPSCO. Following the sale of the tubular business, at the end of the year there remains SEK 21,105 million in goodwill, of which in principle the entire amount relates to SSAB North America. The result of the impairment test indicated no impairment.

Divestment of the North American tubular business

The tubular business was sold on June 12, 2008 for a purchase price of USD 4,038.5 million. In addition to the purchase price, compensation of USD 160.5 million was paid for working capital in the sold companies. In the income statement, the items for 2008 and 2007 which relate to the discontinued operations have been removed from the income statement and are reported net on a separate line, "Profit after tax for discontinued operations". Thus, unless otherwise stated, items in the income statement are exclusive of the tubular business. The purchase price received has been applied to reduce SSAB's net debt. In order to provide a fairer view of the results from the continuing operations, an interest expense calculation on a debt equal to the net purchase price received on the sale has affected the discontinued operations during the period of ownership. The sale included 13 tubular mills, the steel mills in Regina and Koppel which supply the tubular business, as well as related scrap metal plants. The tubular business had approximately 3,250 employees. The IPSCO brand, which is strongly associated with the tubular business, was included in the transaction. The remaining steel operations are conducted as a separate division within SSAB: SSAB North America. The sale means that SSAB can focus on its core business of being a

world-leading niche producer of high-strength steels. The divestiture, including profit from the business up to June 12, generated a profit of SEK 490 million, of which SEK 187 million constituted capital gains. As a consequence of the divestiture, capital employed declined by approximately SEK 25 billion, of which just over SEK 8 billion comprised goodwill. For details of the discontinued operations, reference is otherwise made to note 25.

Currency flows



Capital expenditures and cash flow

Capital expenditures

During the year, decisions were taken regarding new capital expenditures totaling SEK 7,314 (1,661) million, of which SEK 5,483 (572) million involved strategic investments. Of this amount, the investment programs in Mobile, Borlänge and Oxelösund in order to increase quenched steel production accounted for SEK 5.3 billion. The investments are being implemented gradually and are to be completed in 2012. Project planning for the investments is continuing, at the same time as SSAB has put on hold firm orders regarding parts of the program. The objective of completing the investment program in 2012 remains in place.

Financing and liquidity

Cash flow from current operations comprises cash flow after financial items and paid tax, changes in working capital as well as maintenance investments. Cash flow from current operations for 2008 amounted to SEK 5,387 (3,574) million.

Net debt at December 31 amounted to SEK 16,992 (43,643) million, equal to a net debt/equity ratio of 48 (150) percent. At December 31, 2008, the average term to maturity on the loan portfolio was 4.1 years, with a fixed interest period of 0.8 years.

The debt payment capacity (measured as profit before tax with a reversal of depreciation and amortization on tangible and intangible assets, deduction of profit from shares in affiliated companies and non-recurring items, as well as deduction for tax payments, as a percentage of the net debt) amounted to 50 percent on an annual basis.

At December 31, the Group's liquidity preparedness comprising cash and cash equivalents as well as non-utilized and binding credit facilities amounted to 9,770 (10,571) million, equal to approximately 18 (22) percent of annual sales.

Dividend

In light of the need to strengthen the balance sheet, financing, liquidity and the financial position in general, and taking into account the uncertainty in the market as a consequence of the financial crisis, the Board of Directors proposes that the Annual General Meeting issue a dividend of SEK 4.00 (5.00) per share, equal to SEK 1,269 (1,620) million.

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

Operating cash flow/change in net debt		
SEK millions	2008	2007
SSAB Strip Products	2,692	2,541
SSAB Plate	1,818	2,210
SSAB North America	4,139	1,840
Tubular business (up to date of divestment)	-160	692
Tibnor	677	510
Other	-81	-112
Operational cash flow	9,085	7,681
Financial items ¹⁾	-1,132	-1,319
Taxes ²⁾	-2,566	-2,788
Cash flow from current operations	5,387	3,574
Acquisition of companies and operations ³⁾	-10	-50,601
Strategic investments	-770	-1,634
Divestment of businesses and operations ⁴⁾	24,918	156
Cash flow before dividend and financing	29,525	-48,505
Dividend/Redemption	-1,620	-1,166
New issue	0	9,962
Net debt in divested companies	817	0
Assumed net debt, acquired companies	0	-5,336
Currency translation, etc. ⁵⁾	-2,071	815
Change, net loan debt (increase-/decrease+)	26,651	-44,230

¹⁾ Financial items consist of paid interest, while reappraisals of financial instruments and currency differences are reported in the financing activities.

²⁾ Taxes means tax paid during the period.

³⁾ IPSCO was acquired on July 18, 2007 for SEK 50,516 million excluding assumed liabilities, while Steinwalls Plåt AB was acquired in April 2007 for SEK 85 million. Assumed net debt in acquired companies amounted to SEK 5,336 million.

⁴⁾ Divested companies and operations relate entirely to the tubular business, while for 2007 they consist of a number of property companies within Tibnor.

⁵⁾ Most of the currency translation comprised reappraisals of liabilities against equity.

The cash flow presentation has been adjusted so that the cash flow from current operations is now affected by interest and taxes paid during the period. Comparison figures have been recalculated.

The divisions'/subsidiaries' sales, profits and return on capital employed

	Sales		Operating profit		Return on capital employed (%) ⁴⁾	
SEK millions	2008	2007	2008	2007	2008	2007
SSAB Strip Products	17,981	16,918	3,324	3,472	39	44
SSAB Plate	13,237	11,295	3,154	2,676	40	41
SSAB North America ¹⁾	16,745	6,107	2,951	1,383	10 (33)	8 (20)
Tibnor	10,562	10,413	634	877	31	46
Other subsidiaries	2,171	2,639	68	126	-	-
Parent company ²⁾	-	-	2,232	-128	-	-
Parent company's affiliated companies	-	-	84	87	-	-
Write-down, SSAB North America, surplus value inventories	-	-	-	-570	-	-
Provision, cost savings program ³⁾	-	-	-498	-	-	-
Other Group adjustments	-6,367	-6,931	-2,433	0	-	-
Total continuing operations	54,329	40,441	9,516	7,923	17	18

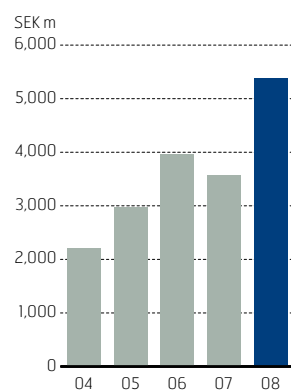
¹⁾ SSAB North America's sales and operating profit relate to the continuing operations.

²⁾ The parent company's profit includes a net effect of the sale of subsidiaries amounting to SEK +2,179 million.

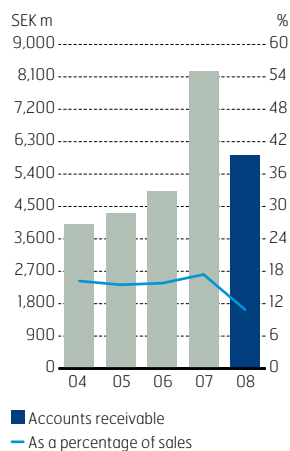
³⁾ The provision is reported here as a joint item for the entire Group. The preliminary allocation between the divisions is SEK 200 million (SSAB Strip Products), SEK 125 million (SSAB Plate), SEK 0 million (SSAB North America), SEK 34 million (Tibnor), SEK 62 million (Other subsidiaries) and an unallocated portion of SEK 77 million.

⁴⁾ The return on capital employed calculated without surplus values from the acquisition is reported in brackets.

Cash flow from current operations



Accounts receivable



Consolidated balance sheet		
SEK millions	Dec 31, 2008	Dec 31, 2007
Assets		
Goodwill	21,105	27,252
Other intangible assets	6,663	15,856
Tangible fixed assets	17,584	21,358
Participations in affiliated companies	373	353
Financial assets	119	273
Deferred tax receivables	245	1,025
Total fixed assets	46,089	66,117
Inventories	12,924	14,072
Accounts receivable	5,921	8,268
Current tax receivables	154	246
Other current receivables	1,454	1,296
Cash and cash equivalents	2,713	1,707
Total current assets	23,166	25,589
Total assets	69,255	91,706

Equity and liabilities

Equity for shareholders in the Company	34,994	28,890
Minority shares	199	229
Total equity	35,193	29,119
Deferred tax liabilities	6,279	9,540
Other long-term provisions	504	473
Long-term interest-bearing liabilities	18,064	39,825
Total long-term liabilities	24,847	49,838
Current interest-bearing liabilities	1,640	4,998
Current tax liabilities	868	40
Accounts payable	3,831	4,740
Other current liabilities	2,876	2,971
Total current liabilities	9,215	12,749
Total equity and liabilities	69,255	91,706

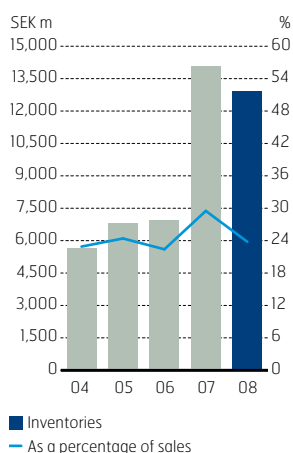
Research and development

In addition to development work together with the customers, SSAB also engages in long-term research and development. During the year, research and development expenditures amounted to almost SEK 250 million.

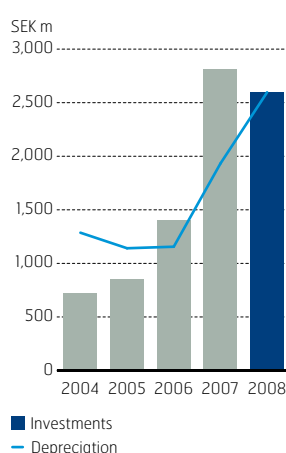
A research and development council was established in 2008 to coordinate the strategic research initiatives.

SSAB enjoys close cooperation with selected research and development institutions. Important partners in the Group's research and development network include the Swerea institutions (Swedish research), MEFOS and KIMAB, as well as the following industry organizations: the Swedish Steel Producers' Association, Eurofer (the European Confederation of Iron and Steel Institutes) and the World Steel Association (formerly IISI). In North America, SSAB supports research activities at a number of universities, e.g. McGill, McMaster, University of Alberta, University of British Columbia and Colorado School of Mines.

Inventories



Investments in plant and depreciation



Compensation to senior executives

For 2009, 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, such as company car, and pensions. "Other members of the Company's management" means members of the Group Executive Committee, currently eight persons in addition to the President. The total compensation package shall be based on market terms and be competitive in the employment market in which the executive works. Fixed salary and variable compensation shall be related to the executive's responsibilities and authority. 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 salary 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 in the local market. Consultants fees may be payable to the

extent a director performs work on behalf of the Company, in addition to the board work. 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 benefits being earned during a pre-determined period of employment. If the employment terminates prior to the retirement age, the executive receives a pay-up policy for earned pension. Termination periods 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.

Risk and sensitivity analysis

Significant risks and uncertainty factors

The Group's results and financial position are affected by a large number of factors, several of which are beyond the Company's control. These include, for example, the political and economic conditions that affect the markets for steel. The dramatic developments on the global financial markets of recent times have led to increased general uncertainty, also resulting in risks and uncertainties in the operations. The work of identifying and analyzing the risks and deciding how, and to what extent, the risks shall be addressed is a prioritized area in the Group.

Risks and uncertainty in the Group's operations

Steel production takes place in a chain of processes in which disruptions in any part of the chain can rapidly have serious repercussions on the entire process. Thus, a disruption in the operations due, for example, to transportation obstacles and damage to assets resulting from, 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 on other parts of the process can be minimized by keeping stocks of raw materials, work in progress, inventories of finished goods, as well as other types of inventory on as optimal a level as possible. 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 management development 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 resulted in a significant increase in the net debt/equity ratio, but the Group's exposure to interest rate changes has been reduced as a consequence of the divestment of the tubular business in 2008, and subsequent reduction in the net debt.

In an international business such as SSAB's, there are also a 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 for steel and the most important raw materials. The high percentage of fixed costs due to the large capital expenditures that characterize the steel industry also increases sensitivity to business cycle fluctuations. It is difficult to protect oneself against this, but a focus on niche products and long-term agreements for the supply of raw materials are examples of ways in which SSAB has chosen to minimize the cyclical nature of its earning capacity. In times of sharply falling prices for both raw materials (coal and iron ore) and steel, there is the risk that steel prices will continue to fall after the annual agreements for purchases of coal and iron ore (which are entered into the beginning of the year) have been concluded.

Competitors' development is something that cannot be influenced; however, the major acquisitions and mergers within the steel industry in recent times are a positive factor for a niche company such as SSAB. It is only through a continued focus on developing its niche products that SSAB can maintain and, preferably, strengthen its position.

The system of carbon dioxide emission rights has resulted in new rules of the game for companies in the steel industry. As the system functions today, there is a risk of 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, therefore, 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").

Sensitivity analysis

The approximate effect in 2008 on profit after financial items and earnings per share of changes in significant factors is shown in the adjacent sensitivity analysis.

	Change %	Effect on profit after financial items, SEK millions	Effect on earnings per share, SEK
Steel prices – steel operations	10	4,465	9.95
Volumes – steel operations	10	810	1.80
Iron ore prices	10	480	1.05
Coal and coke prices	10	320	0.70
Scrap metal prices	10	700	1.55
Interest rate	1%-point	195	0.45
Krona index	5	280	0.60

Prospects for 2009

The financial crisis has resulted in a severe downturn in the economy which affects end users of steel products.

Governments in a number of countries have announced extensive stimulus programs but it is believed that these will not have any appreciable effect during the first half of the year.

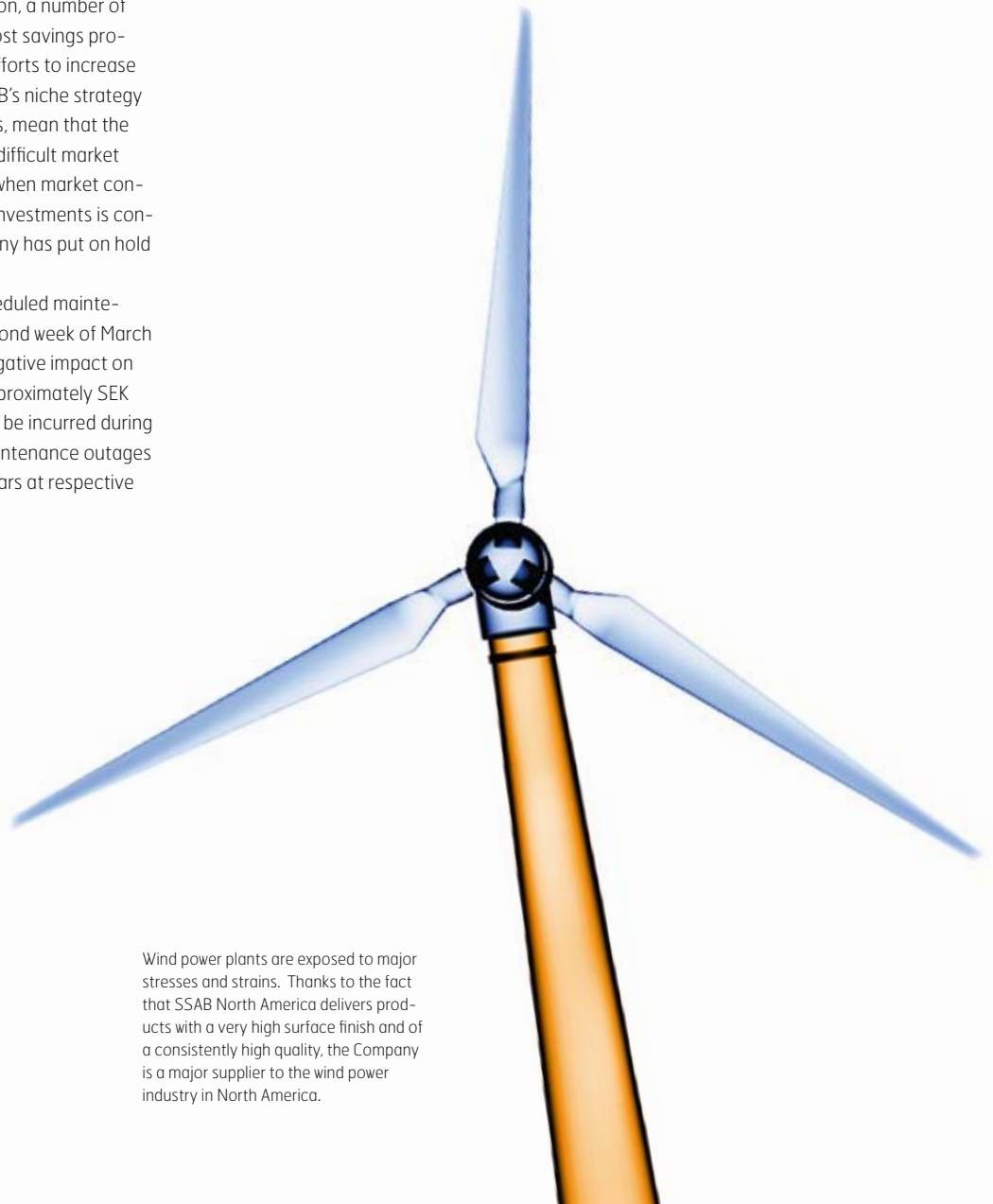
It is forecast that demand will decrease and pressure on prices will continue during the first quarter of 2009. At present, the degree of utilization in SSAB's production lines is significantly below normal and at the moment there are no clear signs of a recovery. The cost savings program is proceeding according to plan but it will have no impact during the first quarter of 2009. Under present market conditions and with the present rate of production, it is estimated that SSAB will report a slightly negative result for the first quarter of 2009.

In response to the new market situation, a number of measures have been taken such as the cost savings program, increased focus on cash flow and efforts to increase sales. These measures, together with SSAB's niche strategy and close cooperation with our customers, mean that the company is well positioned to handle the difficult market situation and is well prepared for the day when market conditions improve. Project planning for the investments is continuing, while at the same time the company has put on hold firm orders for parts of the program.

At the steel mill in Mobile, USA, a scheduled maintenance outage will take place from the second week of March to the second week of April 2009. The negative impact on earnings of the outage is estimated at approximately SEK 200 million, most of which is estimated to be incurred during the first quarter. These types of major maintenance outages normally take place every two to three years at respective plants in the United States.

Iron ore and coal agreements have not yet been concluded, but the market's estimation is that both iron ore and coal prices in USD will fall compared with the 2008 agreements. Iron ore agreements will affect earnings during the first half of the year, while the coal agreements will impact earnings during the latter part of the second half of the year.

Scrap metal prices fell sharply during the fourth quarter of 2008 and, after having recovered somewhat from the lowest level, it is believed that they will stabilize at this level during the first quarter of 2009. Changes in scrap metal prices have a relatively rapid impact on earnings due to a high rate of inventory turnover.



Wind power plants are exposed to major stresses and strains. Thanks to the fact that SSAB North America delivers products with a very high surface finish and of a consistently high quality, the Company is a major supplier to the wind power industry in North America.

SSAB Strip Products



SEK millions	2008	2007
Sales	17,981	16,918
Operating profit	3,324	3,472
Operational cash flow ¹⁾	2,692	2,541
Capital expenditures	1,127	655
Capital employed at year-end	9,876	9,084
Return on capital employed % ²⁾	39	44
Average number of employees	3,789	3,827

¹⁾ New definition used for 2007.

²⁾ Refers to return on average capital employed.

Share of the Group



Sales 30%



Operating profit 35%



Registered number of employees 40%

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

Advanced high-strength steels can be used in many applications to reduce weight, increase strength and extend product life. Hot-rolled advanced high-strength steel is used, among other things, in the automotive industry, primarily for trucks, and in areas such as cranes and containers. Cold-rolled advanced high-strength steel is used primarily for safety components in the automotive industry. Galvanized extra and ultra high-strength steels are used in applications that require a high level of anti-corrosion protection. The main competitors within advanced high-strength steel are ThyssenKrupp and ArcelorMittal.

Ordinary strip steel is used primarily within the engineering, construction, and automotive industries. Competitors within these sectors consist of most Western European steel companies. SSAB Strip Products has its main production at two plants in Sweden: an ore-based metallurgy comprising coking plant, 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 production needs. The remaining slabs required are, therefore, purchased from SSAB Plate. Further processing through organic coating is also carried out in Finspång in Sweden, and through cutting to size, at subsidiaries in Italy, Denmark, Sweden, Great Britain and Holland. 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 brands. SSAB Strip Products' strategy is to grow within the area of advanced high-strength steels and to be a 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 the Nordic region.

Market

Strip products are the largest product group within the commercial steels sector and account for approximately one half of the European commercial steel market. The price structure for ordinary strip steel is relatively uniform on the larger markets in Europe. Demand for strip steel in Europe was very strong during most of the year, and consequently it was possible to increase prices, even up to the third quarter. During the final months of the year, a sharp slowdown occurred on the market as a consequence of the global financial crisis, which resulted in a fall in demand and declining market prices. Since SSAB Strip Products had, in all essential respects, been selling against already executed agreements, the fall in prices had no major impact during the end of 2008.

Deliveries of advanced high-strength steels amounted to 857 (817) thousand tonnes, an increase of 5 percent. The increase has taken place to both new and existing customers in largely all markets. The strongest growth was within the heavy transport and light vehicles segment. Total deliveries declined to 2,335 (2,451) thousand tonnes, primarily as a consequence of the severe slowdown during the final two months of the year. Deliveries of AHSS accounted for 37 (33) percent of total strip product deliveries. Exports accounted for 70 (63) percent of sales. The shares of deliveries represented by the largest markets are shown in the table on the following page.

Capital expenditures

During the year, decisions were taken regarding new capital expenditures totaling SEK 2,189 (747) million. Approximately SEK 1.5 billion of the newly-decided investments relate to the establishment of quenching capacity for quenched strip steel as well as a new cutting line in Borlänge. The aim is to



exploit the competitive advantages of the hot strip rolling mill while at the same time utilizing SSAB's expertise in the development of advanced steels for our customers' various applications. The investment will initially allow for a sales volume of 300,000 tonnes of quenched strip steel, with a possibility for further expansion in the future. This investment represents an important part of SSAB Strip Products' niche strategy and provides major possibilities to increase the portion of AHSS steels. Total capital expenditure payments during the year amounted to SEK 1,127 million, of which SEK 431 million was related to strategic investments.

Product development

A new organization for product and process development has been created during the year in order to focus on a rapid and efficient development of new advanced high-strength steels. One way of achieving this is through very close cooperation between market development, product development and production development with the aim of creating maximum customer benefit by developing steels that combine extremely high strength with the correct technical qualities such as formability, weldability, fatigue resistance, etc. Investments within cold-rolled steel are focused entirely on

advanced high-strength steels, primarily intended for safety components within the passenger car segment. Endeavors to produce tailor-made steels for special applications represent an important trend. Within metal-coated products, there is also a trend towards ultra high-strength steels, especially zinc-plated steel, which is a unique product for the European market. Within coil coated steel, for some years there has been a trend towards so-called functional surfaces, entailing that special qualities or functions are built into the organic coating layer.

Production

Slab production at the steel mill was very high during most of the year. Towards the end of the year, however, production was adjusted to the declining demand, and thus total production fell to 2,095 (2,128) thousand tonnes. Production in the hot strip rolling mill was affected by a number of disruptions, primarily in connection with the completion of the new coiler during the summer. Thereafter, production returned to normal but, in connection with the sharp slowdown on the market towards the end of the year, the rate of production was decreased and total production for the year amounted to 2,362 (2,653) thousand tonnes.

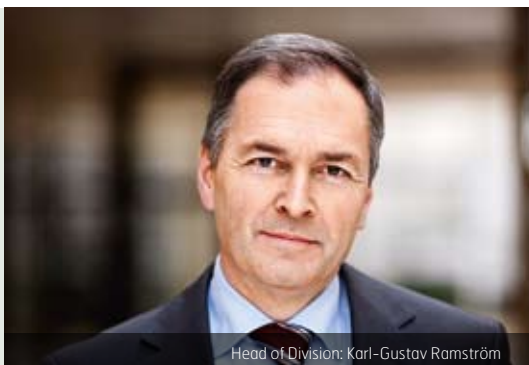
Share of deliveries, %	2008	2007	2006
Sweden	30	37	35
Italy	11	10	11
Germany	9	8	9
Denmark	6	7	7
Great Britain	5	4	5
Norway	6	4	4
Finland	5	4	4
France	4	3	3
Spain	3	3	3
Netherlands	2	3	3
USA	0	3	3
China	3	3	3
Other	16	11	10
Total	100	100	100

Production, thousand tonnes	2008	2007	Change %
Coke	746	752	-1
Slabs	2,095	2,128	-2
Strip steel	2,362	2,653	-11

Profit

Sales increased by SEK 1,063 million, to SEK 17,981 (16,918) million. Operating profit declined by SEK 148 million, to SEK 3,324 (3,472) million. Operating profit includes non-recurring items of SEK 114 (0) million. Price increases during the first nine months of the year compensated for the increased raw materials prices. However, a weaker order book towards the end of the year led to a reduction in deliveries for the year.

SSAB Plate



SEK millions	2008	2007
Sales	13,237	11,295
Operating profit	3,154	2,676
Operational cash flow ¹⁾	1,818	2,210
Capital expenditures	659	1,146
Capital employed at year-end	8,683	7,195
Return on capital employed (%) ²⁾	40	41
Average number of employees	2,570	2,556

¹⁾ New definition used for 2007.

²⁾ Refers to return on average capital employed.

Share of the Group



SSAB Plate is the world's leading manufacturer of quenched steels, i.e. plate with extra high-strength and good weldability combined with high abrasion-resistance and good formability.

SSAB Plate's quenched steels give the customers the possibility to design and manufacture light, strong products with good total economy. The Division's main products are abrasion-resistant steels and construction steels, sold respectively under the Hardox and Weldox brands, as well as Toolox and Armox.

Hardox products are used in applications in which there are major demands for hardness, high strength, and toughness, combined 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. The main competitors within the quenched steels sector are ThyssenKrupp and Dillingen in Europe, as well as ArcelorMittal and Algoma in North America. Manufacturing in Oxelösund in Sweden is carried out in an integrated process from iron ore to finished plate in thicknesses of 3–170 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 to the needs of different customers. During the year, extensive resources were invested in safety training and safety awareness among employees.

Market

SSAB Plate enjoys a strong market position and offers its products through the Division's own sales corporations in more than 45 countries throughout the world. During the year, new sales offices were established in Israel, the United Arab Emirates and Morocco. Work also continued in developing an international network with smaller repair workshops which focus on the aftermarket in their near markets. The brand program "Hardox in my body" is yet another program whereby

SSAB Plate, together with its customers, creates a strong profile which serves as a stamp of quality on the products of SSAB and its customers. Today, approximately 195 customers throughout the world are affiliated and in total there are more than 130,000 signs displayed on the customers' products. During the first three quarters of 2008 and until October, demand for quenched steels was very strong. During the summer, it was possible to discern a certain weakening in some markets in southern Europe. All major producers experienced a sharp fall in demand during the autumn, while segments such as aftermarket and recycling were more stable. The mining industry customer segment, which previously had performed strongly, also experienced a sharp slowdown. In total for the year, deliveries of quenched steels amounted to 585 (557) thousand tonnes and accounted for 94 (91) percent of total plate deliveries.

Capital expenditures

During the year, decisions were taken regarding new capital expenditures totaling SEK 1,884 (350) million. The largest ongoing investment amounts to SEK 770 million and involves strategic investments within quenched steels. Among other things, a new quenching line for thick plate in Oxelösund was brought into commission towards the end of 2008. Implementation is taking place gradually during 2007–2009 and will increase annual quenched steel production capacity by 100 thousand tonnes to 700 thousand tonnes. Total capital expenditure payments during the year amounted to SEK 659 million, of which SEK 339 million involved strategic investments. Of the newly decided investments, almost SEK 1 billion are investments aimed at increasing annual quenched steel production capacity by a further 80 thousand tonnes, to 780 thousand tonnes.

During 2008, decisions were taken to construct three new blast preheaters for blast furnace 2 in Oxelösund. Comple-



tion is scheduled for September 2009. The investment will allow for lower fuel consumption and release coke gas for other use, which will reduce oil consumption in the slab furnaces. Decisions were also taken regarding a major work environment investment. An automated door and jamb cleaning mechanism for the coking plant's pusher cars will be installed in 2009. Through this investment, an onerous ergonomic element will be eliminated.

During 2008, the granulation facility and the tank vacuum station at the steel mill reached the full rate of production, with a vacuum treating capacity of approximately 650 thousand tonnes per year. In addition, the flue dust injection facility has been completed, which is the first of its type in the world. This means that flue dust will be returned to the furnace instead of being deposited. During 2008, a new quenching line for 40-170 mm plate was brought into commission. Production started in July. The annual capacity is estimated at 150 thousand tonnes. A new annealing oven was commissioned in January. The oven is intended for Hardox, Weldox and Toolox with thicknesses of 40-170 mm.

An entirely new facility for blasting and organic coating, with associated high-bay storage facilities, was brought into commission during the year. The plant has the capacity to coat 100 percent of the quenched volume. As from 2010, capacity is planned to be 100,000 meter per week.

Share of deliveries, %	2008	2007	2006
Germany	14	20	20
Sweden	6	10	10
Denmark	3	6	6
Italy	6	6	6
Great Britain	4	4	4
Finland	2	2	3
Other EU countries	23	24	20
USA	9	8	8
Canada	4	4	4
South Africa	3	3	3
Asia	14	9	9
Other countries	12	4	7
Total	100	100	100

Product development

SSAB Plate conducts many development projects in order to increase the competitiveness of its customers. The objective is to improve the end products together with the customers. Two expert groups are at the disposal of the organization and customers for product development: Conceptual Design Group (CDG) for design-related issues and Wear Technology Group (WTG) for questions relating to abrasion. In addition to customer-related projects, these groups are engaged in developing methods and calculation models in order to obtain increased understanding as regards the customers' applications and enquiries.

Production

Slab production in Oxelösund has been partially affected by disruptions in production, among other things a number of breakdowns at the continuous casting line, problems with the cooling of chilling water as well as a chilled hearth at one of the furnaces. During the final month of the year, one of the blast furnaces was stopped for earlier than scheduled maintenance repairs. The new VTD facility for vacuum treatment of niche steels and the hot metal granulation facility have performed well. Crude steel production declined by 19 percent, to 1,337 (1,653) thousand tonnes. Plate production in the four-high rolling mill amounted to 565 (577) thousand tonnes. Almost 30 percent of the produced volumes of slabs were delivered to SSAB Strip Products.

Production, thousand tonnes	2008	2007	Change, %
Coke	428	442	-3
Slabs	1,186	1,490	-20
Plate	565	577	-2

Profit

Sales increased by SEK 1,942 million, to SEK 13,237 (11,295) million. Operating profit increased by SEK 478 million, to SEK 3,154 (2,676) million. Higher prices and an improved mix compensated for increased costs. Towards the end of the year, delivery volumes declined as a consequence of the rapid slowdown on the market.

SSAB North America



Head of Division: David Britten

SEK millions	2008	2007 ¹⁾
Sales	16,745	6,107
Operating profit	2,951	1,383
Operational cash flow	4,139	1,840
Capital expenditures	676	814
Capital employed at year-end ²⁾	34,352	54,725
Return on capital employed (%) ³⁾	10 (33)	8 (20)
Average number of employees	993	481

¹⁾ Relates to the period July 18 - December 31, 2007.²⁾ Capital employed for 2007 relates to the entire IPSCO.³⁾ Return on capital employed, calculated excluding surplus values from the acquisition, is shown in brackets.

Share of the Group



Sales 28%



Operating profit 31%



Registered number of employees 11%

SSAB North America is one of the leading suppliers of plate in North America. The operations include two steel works in which production is based on scrap metal with integrated rolling: one in Montpelier, Iowa and one in Mobile, Alabama. The operations also include three cutting lines in Texas and Minnesota in the United States and Ontario, Canada. The two steel mills have an annual total capacity in excess of 2.5 million tonnes of crude steel and has approximately 1,000 employees.

Divestment of the tubular business

IPSCO has been included as a division in SSAB since its acquisition on July 18, 2007. On June 12, 2008, SSAB's divestment of the tubular business in North America was completed. This covered 13 tubular mills, two cutting lines, the steel mills in Regina and Koppel as well as related scrap metal facilities. Unless otherwise stated, the report relates to the continuing operations, i.e. excluding the tubular business.

Market

The first three quarters of the year were characterized by strong demand for the key products manufactured by SSAB North America. Consumption of steel was driven by strong growth within different customer segments such as the mining industry, infrastructure investments, energy, engineering industry, shipyards and transportation. Thanks to the strong growth in demand, among other things, it was possible to increase prices for SSAB North America's end products. In order to compensate for sharp increases in costs for input materials, a scrap metal surcharge was introduced commencing the second quarter. During the final quarter of the year, the order pattern changed significantly as the fallout from the global financial crisis began to impact the steel industry. The inflow of orders from Steel Service Centers declined as a consequence of falling demand and liquidation of inventories. A squeeze on the availability of credit further contributed to a reduction in the inflow of orders from end users. The deteriorating market situation led to a fall in steel prices on the spot market, at the same time as scrap metal

prices fell dramatically during the final quarter of the year.

SSAB North America's customer base continues to be primarily within Steel Service Centers and OEM's (Original Equipment Manufacturers). Within the energy sector, wind-power plants constitute a significant and growing customer





group. In total, plate deliveries for the year amounted to 2,446 (2,500) thousand tonnes, of which 327 (228) thousand tonnes comprised quenched steels and AHSS. Competitors include Nucor Steel, Inc., ArcelorMittal, Essar Steel Algoma Inc. and the Evraz group.

Capital expenditures

SSAB North America is continually engaged in increasing the efficiency of the product lines, minimizing production costs and ensuring compliance with safety and environmental standards. In 2008, more than USD 25 million was invested in various projects relating to these goals. During the year, decisions were taken regarding new capital expenditures totaling SEK 3,167 million. The decisions include, among other things, a new advanced plate quenching line in Mobile. The new quenching line will provide increased annual capacity for 300 thousand tonnes of quenched plate. The investment also includes a separate annealing line, an automated high-bay storage facility, a blasting and organic coating plant, equipment for increased loading capacity, a tank vacuum facility for ensuring purity of the steel and modifications to the rolling mill for improved rolling precision and flexibility. The total capital expenditure payments during the year amounted to SEK 676 million, of which SEK 338 million were in the tubular business. SSAB North America has also decided to construct a research and development facility in Montpelier. The investment amounts to USD 11 million and comprises a new laboratory building and equipment for testing, simulation and metallographic trials.

Production

Capacity utilization within plate production was very high during most of the year. However, a scheduled major maintenance outage in September and October in Montpelier resulted in some volume shortfall since production in the mill was suspended for three weeks. Towards the end of the year, production was adjusted to match the declining demand. In total, plate production for the year amounted to 2,345 (2,385) thousand tonnes.

Production, thousand tonnes	2008	2007	Change %
Plate			
Montpelier	1,033	1,159	-11
Mobile	1,312	1,226	7

Profit

SSAB North America's sales amounted to SEK 16,745 (6,107) million. SSAB North America has been included in the Group since July 18, 2007. Operating profit amounted to SEK 2,951 (1,383) million. Sales and operating profit relate to the continuing operations. Profit was affected by costs of the maintenance outage in Montpelier amounting to approximately SEK 200 million.

Tibnor



Tibnor's President: Mikael Nyquist

SEK millions	2008	2007
Sales	10,562	10,413
Operating profit	634	877
Operational cash flow ¹⁾	677	510
Capital expenditures	132	145
Capital employed at year-end	2,465	1,784
Return on capital employed (%) ²⁾	31	46
Average number of employees	1,076	1,078

¹⁾ New definition used for 2007.²⁾ Relates to the return on average capital employed.

Share of the Group



Sales 17%



Operating profit 7%



Registered number of employees 11%

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.

Steel is supplied to the Swedish market by steel trading companies or directly from Swedish and foreign steel mills. Other companies include various Steel Service Centers and companies specializing within a limited product area. Tibnor enjoys a leading position within steel and non-ferrous metal trading in the Nordic region, with its own subsidiaries in the Nordic countries as well as 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 the customers in their respective countries with a selection of steel and non-ferrous metal products, depending on market conditions.

As a consequence of customer demand for tailor-made logistics solutions, the steel and non-ferrous metal products are nowadays being delivered pre-treated for immediate use in the customer's production. Tibnor offers resources for pre-treatment of materials, such as splitting and cutting to size of strip steel at its own facility in Gothenburg. During the year, Tibnor acquired a Steel Service Center in Copenhagen from SSAB Strip Products. Tibnor also has its own production centers for pre-treatment of other materials in the form of cutting to length, 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 largest 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.

Tibnor is continually investing in its plants in order to ensure quality and to increase productivity. In Eskiltuna, a new automated cassette warehouse was brought into commission. Through the investment, Tibnor possesses modern and efficient equipment which significantly improves the handling of thin, long products.



Norsk Stål and Norsk Stål Tynnplater

During the year, Tibnor acquired SSAB's stakes in the Norwegian companies, Norsk Stål and Norsk Stål Tynnplater. The acquisition is aimed at concentrating the SSAB Group's Nordic distribution operations within Tibnor. Tibnor's ownership stake is 50 percent, with the remaining 50 percent being held by Corus.

Market

The Tibnor group's sales in 2008 amounted to SEK 10,562 (10,413) million, up just over one percent from the preceding year. The sales trend was extremely strong during the first half of the year, with strong demand from most customer segments and all products demonstrating an increase in both sales and volume compared with the preceding year. The lead times from the steel mills were long and, notwithstanding shortages of materials, Tibnor was one of the companies which offered the best availability to the customers. After the summer, however, a severe slowdown occurred in the market, primarily among those customers who are sub-contractors to the automotive industry. Sales volumes thus declined sharply and the increase in volume built up during the first half of the year changed during the second half of the year to a reduction in volumes compared with the preceding year. In total, however, deliveries for the year were 4 percent higher than in 2007.

Profit

Tibnor's operating profit amounted to SEK 634 (877) million. The decline compared with 2007 is due partly to reappraisal of inventories and higher freight costs and partly to the fact that a number of properties were sold in 2007, which generated a capital gain of SEK 97 million.

SEK millions	2008	2007	Change %
Long products	2,169	2,004	+8
Strip and plate	4,054	3,689	-1
Special steels	1,520	1,406	+8
Stainless steel	962	1,284	-25
Non-ferrous metals	1,243	1,550	-20
Construction and reinforcement	601	478	+26
Other	13	2	n.m.
Total	10,562	10,413	+1

Other companies



Profit after financial items in each company

SEK millions	2008	2007
Plannja	20	63
Lulekraft	0	0
Oxelösunds Hamn	28	23
SSAB Finance Belgium	115	-

Plannja

Plannja is wholly owned by SSAB and is one of Europe's leading producers of building sheet, with a geographic 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 75,000 tonnes, with most of the material being supplied by SSAB Strip Products. Demand was strong during the first nine months of the year but fell sharply in the autumn. As a consequence of the rapidly deteriorating market prospects and restructuring of its own operations, Plannja intends to reduce its workforce in Luleå and Ålborg in Denmark during 2009. Parts of production will be transferred to Järnforsen and Landsbro in Småland in order to increase coordination and logistics efficiency, which in the long term are expected to enhance Plannja's competitiveness. Sales increased to SEK 1,769 (1,755) million and profit after financial items was SEK 20 (63) million. There were 622 (597) employees.

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 utilizes energy-

rich gases from SSAB Strip Products' steel production and produced 776 (759) GWh of district heating and 597 (576) GWh of electricity. The district heating is sold to Luleå Energi, which distributes it to approximately 20,000 households in the municipality of Luleå. The electricity is sold to SSAB Strip Products. There were 30 (32) employees. Sales increased to SEK 394 (364) 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 (50%) and the municipality of Oxelösund (50%). There were 219 (217) employees. Sales increased somewhat to SEK 262 (234) million. Profit after financial items was SEK 28 (23) million.

SSAB Finance Belgium

The wholly-owned subsidiary, SSAB Finance Belgium, was formed in November 2008. The company is in a development stage and will primarily meet the capital requirements of the foreign subsidiaries, but will also engage in currency trading, liquidity management and other financial operations. Profit after financial items amounted to SEK 115 (-) million.



SSAB's values provide conditions for sustainable growth

In 2008, SSAB commenced an extensive branding work. The aim is to clarify the common corporate profile, forge a link between the different product brands and the company name, and identify the values associated with the SSAB brand. Values and vision together constitute a basis for SSAB's joint endeavors going forward and these values are reflected also in the Company's code of conduct, SSAB's Code of Business Ethics.

SSAB's shared values are a prerequisite for the entire Group working in the same direction. Thus the Company's long-term vision is formulated based on these values. The vision is linked to the Company's strategy.

A stronger, lighter and more sustainable world

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



What SSAB stands for

SSAB's shared values were identified through discussions in working groups from all parts of the Group. The values shall serve as the basis for all work within the Group and each employee must be aware of what they mean for his or her role. The work resulted in the following three values:

CUSTOMERS' BUSINESS IN FOCUS

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

TRUE

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

ALWAYS AHEAD

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

SECURING SUPPORT

During the autumn of 2008, SSAB's President together with members from the Group Executive Committee visited all major production plants in the Group and met with most of SSAB's employees. This was part of an extensive project focused on securing support for the Company's strategy, values and SSAB in the future

Challenges and commercial opportunities for the steel industry

SSAB is an international steel group and is affected by a number of changes in extraneous factors, such as access to natural resources, energy and public demand for a good environment. Increased environmental awareness and more stringent restrictions stimulate innovation and new technology within the steel industry.

Access to raw materials

Price trends for iron ore pellets and coal are affected by the balance between supply and demand. In 2008, both iron ore and coal prices increased dramatically as a consequence of the rapidly expanding demand during the first half of the year. In the long term, demands are increasing for efficient use of resources and utilization of by-products in both manufacturing and by user stage.

Emission rights

Within the EU, trading takes place in carbon dioxide emission rights, with countries and industries being allocated emission rights in accordance with governmental authority decisions. Today, the trading involves over 730 Swedish industrial and energy plants. In total, approximately 13,000 plants are affected throughout the EU, corresponding to approximately 40 percent of the total carbon dioxide emissions within the Union. In the long term, more industries will be covered by the trading system and the allocation of emission rights is expected to become more restrictive. For the European steel industry, it is important that the system does not curb or distort competition on the global market.

Carbon dioxide targets

More stringent targets for reduced carbon dioxide emissions impose demands for new steel production technology. Merely increasing the efficiency of the current processes will not be sufficient to meet the increasing demands. New technology must be developed and, in the long term, a functioning carbon dioxide separation and storage technology should also be developed. SSAB is investing funds in several projects and actively participating in a project aimed at developing new production methods to reduce carbon dioxide emissions.

INCREASED DEMAND FOR LIGHT, HIGH-STRENGTH STEEL

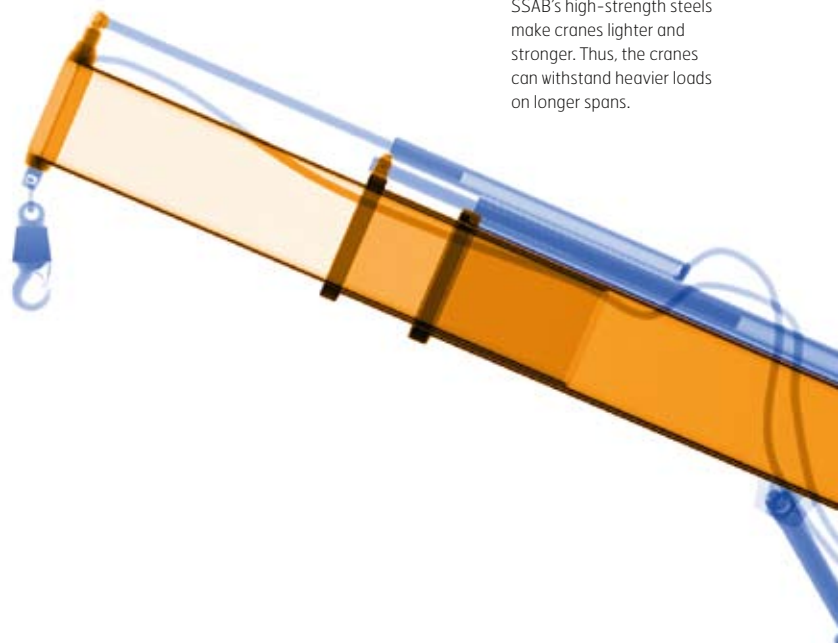
Almost 50 percent of all steel manufactured in the world is used within the building industry. Through the use of high-strength steels, smaller quantities of steel are required per construction. Thus, increased global demands for lower carbon dioxide emissions should lead to increased demand for high-strength steels.

TRANSPORTATION

According to the UN's calculations, global transportation account for 23 percent of global greenhouse gas emissions. Lighter steel constructions in truck beds and containers provide possibilities for increased payload and thereby more efficient transports, leading to a reduction in emissions.

RENEWABLE ENERGY

Demand for renewable energy is increasing sharply. Steel is an important component in new technical solutions for utilizing nature's renewable resources. Steel is included in windpower plants, solar energy plants and various forms of hydroelectric power plants.



SSAB's high-strength steels make cranes lighter and stronger. Thus, the cranes can withstand heavier loads on longer spans.

SSAB and the environment

SSAB's environmental work is conducted in a systematic, goal-oriented and preventative manner in order to constantly reduce the impact on the environment. SSAB's commercially strategic investments place the Company at the forefront of environmental work when compared internationally. Focus on niche products in the form of advanced high-strength steels results in a more efficient use of resources throughout the entire chain, and in particular for SSAB's customers.

Investments to increase niche product capacity

In 2008, SSAB decided on extensive strategic investments in the Group. SSAB intends to invest SEK 5.3 billion in order to increase capacity for the production of advanced high-strength and quenched steels. The investment program includes a new quenching line in Mobile, Alabama.

New permit application for production in Luleå

In October, SSAB submitted an application to the Environmental Court to increase hot metal production at SSAB Strip Products' plant in Luleå. Demand for high-strength steels has increased, hence a need for increased hot metal production. The Environmental Court had previously granted SSAB a permit for temporary increases during 2008-2009, but SSAB wishes to increase its long-term preparedness. As a part of the application, SSAB has submitted a technical description, an environmental impact assessment, a safety report and a consultation report. It is believed that an increase in production will not increase emissions of particulates, sulphur dioxide or nitrogen dioxide. On the other hand, carbon dioxide emissions will increase. The use of resources and access to surplus energy will also increase. The procedure is expected to result in a decision during 2010.

Thousand tonnes	Locality	Permitted production	Production 2008
Coke	Luleå	800	746
	Oxelösund	530	428
Hot metal	Luleå	2,450	2,237
	Oxelösund	2,000	1,328
Crude steel	Luleå	2,500	2,278
	Oxelösund	1,900	1,337
Hot-rolled steel	Borlänge	3,200	2,362
	Oxelösund	820	640
Pickled steel	Borlänge	2,500	1,544
Cold-rolled steel	Borlänge	1,400	947
Annealed steel	Borlänge	650	492
Metal-coated steel	Borlänge	680	454
Organic-coated products*	Borlänge	140	104
	Luleå	85	58
	Köping	30	18
	Malmö	10	8
	Finspång	40	26

* Unit million m²

Overall environmental work

All divisions and subsidiaries are responsible for establishing and complying with their own environmental policies in line with the overall Group guidelines. Within each Division and subsidiary 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 joint body, the Environmental Council, for coordinating environmental work. Two central roles in the Council are performed by SSAB's environmental manager for Sweden and Europe and the environmental manager for SSAB in North America, who is also responsible for other environmental work in operations outside Europe. The Environmental Council held a number of meetings in 2008 and, between meetings, endeavors to conduct regular progress audits which facilitate and strengthen the work of the Council.

The Environmental Council coordinates the Group's R&D work within the environmental area, e.g. ULCOS, Carbon Capture Storage (CCS) and the Stålkretsloppet [steel cycle] program.

All divisions and subsidiaries within SSAB have ISO 14001 certified environmental management systems. The environmental management systems are an integral part of the operational systems of the units. In this way, the external environment, product quality and work environment are coordinated in joint work descriptions, rules stipulating conditions to be imposed in conjunction with purchasing, and development of production technology.

Environmental conditions for the operations

SSAB's operations are covered by several hundred environmental conditions, among other things regulating production levels, emissions to the air and water, noise levels and rules regarding deposits. All production units comply with their respective local environmental requirements. The Group holds mandatory environmental damage insurance as well as liability insurance covering damage to third parties. In Sweden, production permits are based mainly on a maximum permitted produced tonnage per year, while in North America permits are based on productivity restrictions in the form of maximum

produced tonnage per hour. The maximum permitted production levels for the operations are shown in the table.

Environmental impact during the production process

Steel production includes several elements that are critical from an environmental perspective. SSAB's environmental work is aimed at constantly developing more efficient processes to reduce the impact on the environment.

RAW MATERIALS, BY-PRODUCTS AND TYPES OF ENERGY IN THE DIFFERENT PRODUCTION PROCESSES

Two different process methods are used in the production of SSAB's steel. In Sweden, iron ore-based hot metal is produced from iron ore pellets at SSAB's three blast furnaces in Luleå and Oxelösund. There, iron ore is reduced to liquid hot metal through the use of coal and coke. Oxygen is used to lower the hot metal's carbon content before it becomes steel and contaminants are removed through the use of lime. The process takes place in an oxygen converter and generates excess heat, which is cooled through the addition of scrap metal primarily derived from the plants themselves. Production of the most advanced high-strength steels still depends on a high-grade virgin iron raw material. In North America, the production process is based on melting recycled steel, scrap metal. By melting scrap metal in electric arc furnaces, crude steel can be produced. The scrap metal is purchased on the open market. The electric arc furnaces are operated using electrical power.

SSAB's total production of steel is 47 percent based on iron ore and 53 percent based on recycled scrap metal. This can be compared with the international average, where 35 percent of produced steel comprises recycled steel.

The liquid steel produced in the process methods described above is refined and processed into alloys in various

finishing stages, before being cast in the continuous casting line. The slabs that are manufactured in the continuous casting line are further processed in rolling mills into different types of steel. Today, SSAB produces both strip steel and plate in Sweden and plate in North America. 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 percent of the blast furnaces' coke requirements are supplied by SSAB's coking plants. The coking process generates several by-products in the form of coke furnace gas, tar, ammonium sulphate, benzene, sulphur and sulphuric acid. The coke furnace gas constitutes 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, e.g. to the pharmaceuticals industry.

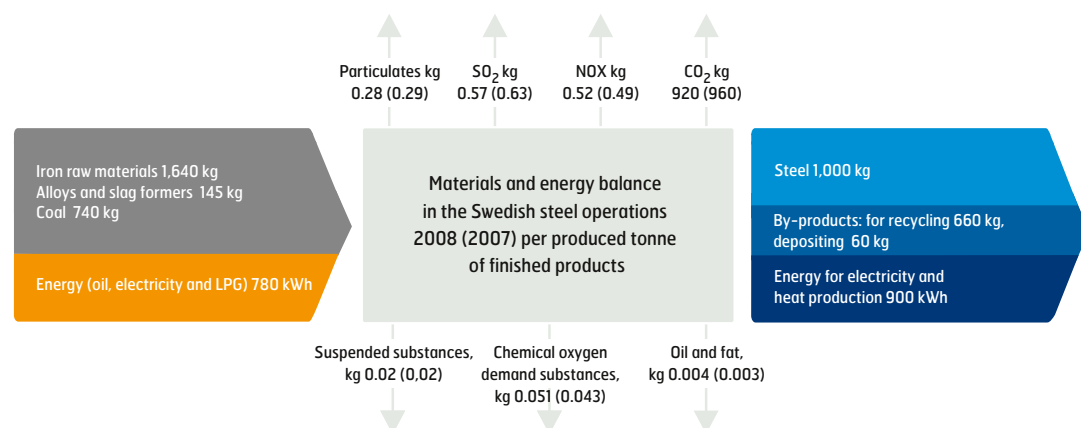
Different types of energy are used in SSAB's various heating furnaces for steel and slabs. Natural gas is used in North America, while in the Swedish operations LPG, oil and electrical power are used.

The energy-rich coke oven and blast furnace gases that are not used in the steel production are used in heat and power plants, among other things to supply SSAB with approximately 50 percent of the electrical power needed in the Swedish operations. In addition, deliveries of district heating take place to over 70 percent of the population in the urban areas of Oxelösund and Luleå, and approximately 15 percent of the population in the urban area of Borlänge.

EMISSIONS INTO THE AIR FROM STEEL PRODUCTION

SSAB'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 best available techniques with the aim of reducing emissions.

Materials balance and energy needs for the production of 1 tonne of steel products.



The calculations do not include carbon dioxide emissions derived from SSAB's process gases which are burned in the power and heating plant at Lulekraft AB and SSAB's power and heating plant in Oxelösund.

Carbon dioxide

Carbon dioxide is emitted due to the use of coal, coke, oil, natural gas and LPG in the various processes. The production of iron takes place through iron ore being reduced with coal and coke in blast furnaces. The process gives rise to carbon dioxide. International comparisons demonstrate that SSAB's blast furnaces are at the forefront in terms of low carbon dioxide emissions 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. This has been facilitated in Oxelösund by a granulation plant for hot metal which enables the blast furnaces to continue producing even if subsequent stages in the production chain are standing idle.

SSAB's plants in the United States manufacture steel based on recycled scrap metal. Certain quantities of coal and natural gas are used in the manufacturing process, but electricity is primarily used for melting the scrap metal, which generates smaller emissions of carbon dioxide than is the case with production of steel from iron ore. Consequently, since the acquisition of IPSCO in 2007, SSAB has reduced its carbon dioxide emissions per produced tonne of steel for the Group as a whole.

In 2008, SSAB delivered approximately 1.4 million tonnes of advanced high-strength steels. If the use of the high-strength steel were to be replaced by ordinary steel in various constructions, an additional 0.6 million tonnes of steel would be required to withstand the same load. Since the production of each tonne of finished steel generates approximately 2 tonnes of carbon dioxide, SSAB's high-strength steels result in carbon dioxide emissions being 1.2 million tonnes lower than if ordinary steel were to be produced for the same use. The example is based on the high-strength steel having a yield point which is twice as high as that of the ordinary steel, with the weight consequently being reduced by approximately 30 percent.

SSAB's plants are covered by the EU's trading system for carbon dioxide emission rights. A reduction in the rate of production at the end of 2008 resulted in an emission rights surplus. Thus, during the fourth quarter SSAB sold emission rights equal to 1.5 million tonnes of carbon dioxide at a value of SEK 240 million.

Nitrogen and sulphur dioxides

Emissions of nitrogen and sulphur dioxides derive from various types of combustion. The most significant sources are under-firing of the coal batteries, firing of hot blast stoves for the blast furnaces and preheating of slabs prior to rolling. In Sweden, the fuel consists of blast furnace gas, coke oven gas, LPG and oil, and in North America of natural gas. Through continuous work on adjusting the burners, it has been possible to reduce nitrogen oxide emissions. In order

to minimize sulphur dioxide emissions, SSAB chooses low sulphur content coal and oil.

Particulates

All new plants which are built meet the most stringent standards as regards particulate emissions from the operations. Particulate emissions are measured regularly in many places. For older plants, continuous improvement work is taking place in order to reduce particulate emissions. In 2008, SSAB decided on a new flue gas filter at the steel mill in Luleå. The new filter is expected to be installed in the summer of 2009 and will significantly reduce particulate emissions, which will have a positive impact on both the internal and external environment.

At SSAB North America's plant in Mobile, 25,000 tonnes of electric arc furnace dust are generated annually in the furnace dust separation process in the electric arc furnace. The first furnace dust recycling plant of its type opened in Alabama at the end of 2008. Commencing 2009, SSAB will send furnace dust to the plant for recycling.

EMISSIONS TO WATER FROM THE STEEL OPERATIONS

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 governmental authority requirements.

MORE EFFICIENT USE OF RAW MATERIALS AND NATURAL RESOURCES

In order to minimize the use of iron ore and coal, as well as energy, SSAB's goal is to have as high a degree of recycling as possible. First and foremost this involves returning materials and energy by-products to the processes in which they are created and re-using them. In other cases, new production stages are introduced for manufacturing products from these materials for the external market.

Through the use of scrap and recycling of slag, SSAB reduces to a minimum the need for iron ore and lime. Approximately one-half of all converter slag is returned to the blast furnaces. Slag contains 15-20 percent iron and 40 percent lime. Coal and coke requirements are minimized in several ways. One example is that particulates containing coal from the blast furnaces' gas purification plants are returned to the blast furnace. The electric arc furnace in Mobile, Alabama represents another example. A certain quantity of carbon is used for the electric arc furnaces. Since 2004, close to 2.5 million worn out tires have replaced a corresponding quantity of carbon. During 2008, a successful trial was commenced on recycling coal residue from spills in connection with loading at the docks in Alabama. Previously, the coal residue has been treated as waste and cleaned up. SSAB's trials demonstrated that coal residue of a certain size

can be treated and replace up to 60 percent of the coal used for the electric arc furnaces. By recycling process gases, SSAB is reducing oil and electricity requirements to a minimum. This reduces not only the need internally within SSAB but also for the local community 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 manufacture of ferrite magnets, which today are included in almost all electronic goods, from cellular phones to cars. In the United States, the largest by-products are steel slag and oxide scale. These are used, among other things, in asphalt and cement production. SSAB engages in active research work together with third parties in order to identify new areas in which by-products can be used as raw materials.

Responsible waste management

Steel production also gives rise to waste. "Waste" means material for which, at present, there is no suitable area of use from an environmental or economic perspective, as well as material which, for environmental reasons, is removed from the use cycle. At SSAB, this largely comprises flue gas purification particulates which currently cannot be reused due to characteristics such as form or content. Waste is handled either through destruction or depositing. The Company's deposits are strictly regulated by governmental authorities as regards management and security. Waste is handled in such a way as to make it possible to utilize these resources in the future.

Greatest volume of rail transports

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

No other company in Sweden transports as many goods by rail as SSAB. Raw materials are transported to Luleå and Oxelösund by train or boat. Transportation of slabs between the production plants takes 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 in Luleå and other customers in the north.

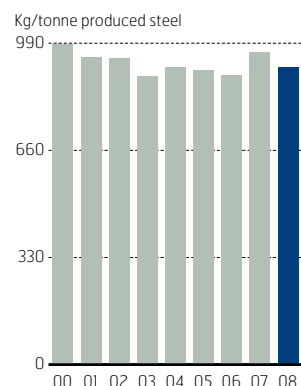
Goods to and from SSAB constitute the largest single railway tonnage in Sweden. Traffic in the railway system in Sweden is heavy and the sector is sometimes congested. One way of enhancing infrastructure capacity is to increase the payload of the railway cars. SSAB has participated in several projects 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 percent.

Both SSAB Strip Products and SSAB Plate in Sweden have been awarded Green Cargo's "Climate certificate for transportation" 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.

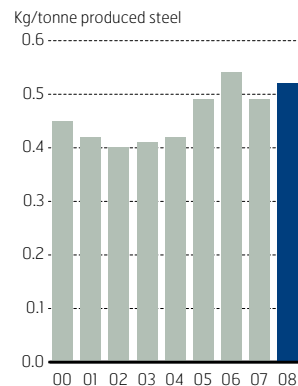
Prior to the construction of SSAB North America's two electrical steel plants in Montpelier and Mobile, the location of those plants was chosen taking into consideration the potential market and access to the scrap metal raw material. This strategy minimizes the environmental impact of the transports since all plants have access to railways. In North America, the inland waterway system is also used.

For more information concerning the sustainability work, see SSAB's Sustainability Report 2008, which is available on www.ssab.com

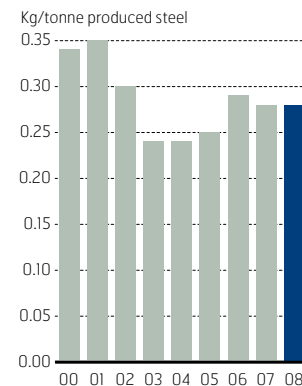
Carbon dioxide ¹⁾



Nitrogen oxide ¹⁾



Particulates ¹⁾



¹⁾ Relates to the Swedish steel operations

Personnel

SSAB's personnel work in 2008 has been focused on skills supply, improved health and safety as well as the internal launching of SSAB's values. At the end of 2008, SSAB had 9,284 employees.

In December 2008, SSAB's Board decided on cost savings which include cutbacks in personnel during 2009. The cutbacks in personnel are expected to affect approximately 1,100 employees and approximately 200 external consultants and contractors. Negotiations with the labor unions commenced at the end of 2008. SSAB is working actively together with the unions to mitigate the effects for SSAB's employees and those localities in which the Company operates.

In North America, during the year SSAB sold the tubular business comprising 13 tubular mills with a total of approximately 3,250 employees.

Joint personnel strategy

Since 2007, SSAB has had a joint Group personnel strategy aimed at ensuring good management and good access to key expertise. The personnel strategy shall also support the work of creating a common corporate culture and promote SSAB as an attractive know-how company.

The personnel strategy includes both rights and obligations. The Company expects its employees to perform and deliver, contribute to constant improvements and exchange of skills, and be loyal and committed. In return, the Company offers, for example, good employment conditions, skills development, career opportunities throughout the Group and rewards for good performance.

Health and safety are high on the agenda

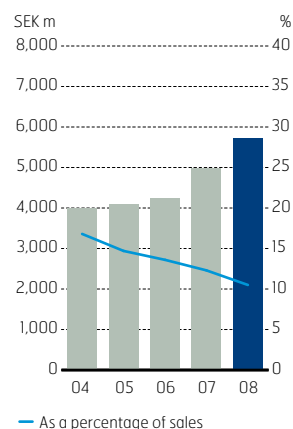
SSAB's most important responsibility to its employees is to ensure that work on preventative measures takes place constantly to maintain a secure working environment. A safe workplace for the Group's employees is a must in order for the Company to be regarded as a good employer, to attract the best employees, and so that employees will wish to stay with the Company and develop.

Certain elements within the steel industry require a very high level of safety considerations and this is one of the most important issues within SSAB's personnel work. The Group has had a clear focus on increased safety in recent years and conducts safety work in close cooperation with the labor unions.

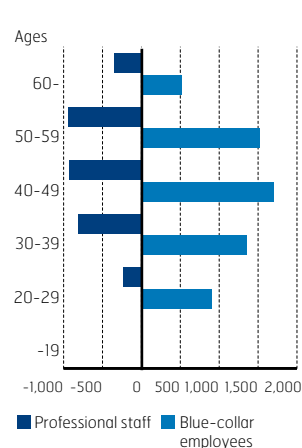
During 2008, a coordination manager was appointed for health and safety issues within the Group. The coordination manager was recruited from the North American operations, which are a world leader within health and safety, and the position is extremely valuable for the Group's joint strategy for reducing ill-health figures and the number of accidents. The appointment of a health and safety coordination manager for the entire Group represents an important step towards the goal of SSAB in its entirety being a world-class company within the area.

SSAB's diversity and equality work begins with the Group Executive Committee. Of the Group Executive Committee's

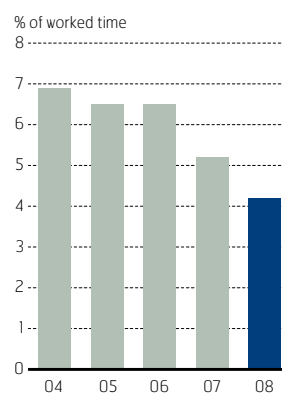
Personnel expenses



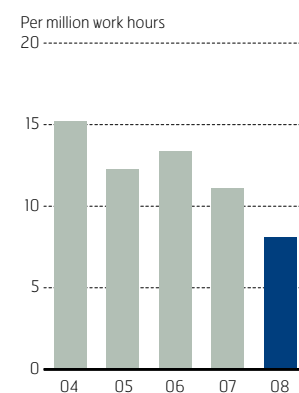
Age structure



Sick leave



Number of accidents



nine members, two are women and four were born outside Sweden. The Group Executive Committee also reflects large diversity as regards age and education.

Equality and diversity

SSAB operates in a traditionally male-dominated industry, primarily with respect to production workers. But the percentage of women in the Group has increased and, in 2008, was 18 percent. 14 percent of managers in the Group are women. SSAB's objective is that this level shall correlate with the percentage of female employees. In order to increase career opportunities for women within the Group, SSAB is involved, among other things, in mentor programs and female networking. Diversity and equality are taken into consideration in conjunction with new recruitments.

Focus on supply of skills

Access to the right skills and good leadership are absolutely crucial for SSAB's continued success. Systematic succession planning work is taking place with the aim of stimulating internal mobility. The need for succession planning is in part due to the fact that the employee age structure is such that a large percentage of employees will enter retirement in the next few years.

An important element in the succession planning and skills supply work is to identify specialist roles and clarify the opportunities for specialist careers within the Company. In 2008, people from different parts of the Group have taken part in a project to clarify career paths and specialist roles within SSAB.

There are approximately 300 roles within SSAB and it is valuable that employees change roles. SSAB endeavors primarily to recruit internally to managerial positions within the Group. The aim is that there will be three suitable internal candidates per vacant managerial position in 2010. An internal CV database was introduced in 2008 in which all employees who are interested in developing within the Company can place their CV. In conjunction with each recruitment process, a search initially takes place in the internal CV database. During 2008, SSAB commenced a skills development program for managers in cooperation with the world's leading training company, Duke Corporate Education, and the Stockholm School of Economics. The most senior managers as well as a number of selected "high potentials" are participating in the development program, Change Accelerator Program. The aim of the program is to support the implementation of the Group's strategy, strengthen management, develop skills as regards management during



change and strengthen the managers in the implementation of the Company's culture and values.

Profit sharing scheme

Employees within SSAB in Sweden are covered by a profit sharing scheme. The strong profit for 2008 means that the ceiling for profit shares has been reached. For a full-time employee, the profit share is thus SEK 24,250 (24,150) before tax. Employees in North America are covered by a separate profit sharing scheme. The total payments to employees amount to SEK 5,707 (4,983) million, equal to 10 (12) percent of sales.

Dialogue and employee survey

In 2008, an employee survey, Voice 08, was conducted throughout the Group. Similar surveys have been conducted in the past, but this was the first time that all employees answered the same survey. The Voice survey will be carried out once a year in order to measure, compare and evaluate results. Through Voice 08, SSAB obtains an impression as to how employees perceive the situation at the Company and the results will serve as a tool for further developing leadership, attitudes and work methods within the Group.

The Voice 08 employee survey was carried out in November through all employees being asked to respond to a number of questions in digital format. The response rate was 78 percent. The results were presented at the beginning of 2009 and are being followed by a process in which each department work on a number of areas where the greatest need for improvements exists.

Management by objectives and shared values

The work of strengthening the shared process which commenced in 2007 has continued during 2008. The aim is to increase employees' knowledge about the Company's objectives, broken down to individual goals, and thereby increase motivation, commitment and performance. Three common values have been identified during 2008 through discussions in groups throughout the Group. The values will function as value bases for all work conducted within the Group and each employee shall be aware of what they mean for his or her role within the Company.

During the second half of 2008, the Chief Executive Officer and other members of the Group Executive Committee visited all of the Company's units in order to provide information regarding SSAB's vision and values and to commence the work of making the vision a natural part of the employees' day-to-day activities.

Personnel

During the year, the number of employees fell by 3,267, primarily due to the sale of the tubular business and, at the end of the year, there were 9,284 (12,551) employees.

Number of employees at year-end	2008	2007	Change, %
SSAB Strip Products	3,731	3,803	-2
SSAB Plate	2,753	2,748	+0
SSAB North America	1,016	4,260	-76
Tibnor	1,046	1,066	-2
Other	738	674	+9
Total	9,284	12,551	-26



SSAB - Working Environment Industrial Company of the Year

In September 2008, SSAB Luleå was named as the Working Environment Industrial Company of the Year by the newspaper, Dagens Arbete, in cooperation with Folksam and Swedbank. The award is based on the following criteria: low absenteeism due to sick leave, employee influence, favorable psychological and physical environment, low number of industrial injuries and work on preventative health care and rehabilitation.

"We have worked very intensively to create a safe workplace characterized by well-being and work enjoyment. Our work environment efforts have been characterized by a major focus from all employees and a very good cooperation between the Company and the labor unions," says Stefan Enbom, Head of Metallurgy, SSAB Strip Products in Luleå.

An important reason for SSAB's operations in Luleå being awarded the accolade is the clear focus on increased safety which has characterized the operations in recent years. Safety work is carried out in close cooperation with the labor unions. The realization that a good work environment characterized by safety, wellbeing and work enjoyment is crucial for good results has been assessed as unique. SSAB's well-functioning preventative healthcare activities, with its own sports hall, recreational activities for employees and their families as well as focused work regarding the environment, ergonomics and health for all personnel give SSAB something of a unique position in the work for a healthy company.

Relations with suppliers

Products and components that SSAB uses in the steel business are manufactured by suppliers throughout the world. Work conditions and social conditions vary from country to country, but SSAB is attentive to maintaining internationally accepted principles regarding human rights in areas where the Company can exercise influence.

SSAB supports internationally accepted principles

SSAB's work with the Company's suppliers is based on SSAB's Code of Business Ethics. In the Code, SSAB has formulated its support for fundamental human rights based on the UN Declaration on Human Rights, particularly with respect to the abolition of forced labor and child labor. Respect for fundamental human rights is a criteria when choosing suppliers. In contacts with suppliers, SSAB communicates its Code of Business Ethics and encourages the suppliers to comply with it.

Relations with suppliers are also affected by SSAB's Instructions regarding bribery, which supplement SSAB's Code of Business Ethics. The Instructions provide employees with clear information as to how SSAB defines bribery and improper benefits, and how employees are expected to act in relation to suppliers, customers and other business partners in order to comply with the prohibition on the giving and taking of bribes.

Follow-up and monitoring

The divisions and subsidiaries which have relations with suppliers are responsible for following-up the suppliers' compliance with SSAB's principles. This takes place through compiling and verifying certain suppliers' own codes of conduct, or certificates that they comply with the UN Declaration on Human Rights. Another method is to verify conditions at factories and plants through site visits.

Each division and subsidiary has made a risk assessment as regards its suppliers, and they proceed on the basis of such assessment when following up work conditions. Industries or countries which are associated with higher risks with respect to fundamental human rights are accorded priority as regards follow-up.

In order to ensure quality in the products, SSAB cultivates long-term relations with suppliers of the most important resources. This provides conditions for building confidence and trust, and the ability to have a positive influence.



SSAB on the stock exchange

SSAB on the stock exchange

Following the formation of a joint Nordic exchange, since 2006 the share has been listed on the Nasdaq OMX Stockholm, Large cap list. A trading unit comprises 100 shares for both class A and class B shares. OMX Nordic Exchange issues call and put options on the shares.

The final transaction prices in 2008 were SEK 68 for SSAB's class A share and SEK 63.50 for SSAB's class B share, corresponding to a total market capitalization of almost SEK 22 billion. Since the beginning of 2008, SSAB's class A share fell during the year by 61 percent and the class B share by 59 percent. During the same period, the Nasdaq OMX Stockholm index fell by 30 percent. The highest transaction prices during the year were listed on May 19: SEK 226 for the class A share and SEK 205 for the class B share. The lowest transaction prices, SEK 49.30 and SEK 45.50 respectively, were listed on November 20.

During the year, SSAB's shares were traded for just over SEK 370 billion. Trading in shares took place on all exchange days and averaged approximately SEK 495 million per day. The volume of traded shares corresponded to 283 percent of the average number of outstanding shares.

SSAB's shares accounted for 2.7 percent of trading on the Nasdaq OMX Stockholm Exchange. During the autumn, trading in the share, and on the Exchange as a whole, increased significantly in connection with the major turbulence on the global financial markets.

Dividends

Dividends shall be adjusted to the average profit level over a business cycle and, in the long term, constitute approximately 50 percent of profit after tax. It should also be possible to use dividends to adjust the capital structure. For the 2008 financial year, a dividend of SEK 4 per share is proposed, i.e. 19 percent of profit after tax.

Share capital

At the end of the year there were 323,934,775 shares, divided into 240,765,832 class A shares and 83,168,943 class B shares, which was unchanged since December 31, 2007. During 2007, a new issue was carried out as part of the financing of the acquisition of the North American IPSCO. Four existing shares carried an entitlement to subscribe for one newly issued share of the same series. The issue price was SEK 155 for both class A and B shares. The issue was fully subscribed and SSAB thereby raised approximately SEK 10 billion in issue proceeds. Trading in the newly issued shares commenced on September 4, 2007. Each class A share carries one vote and each class B share carries one-tenth of one vote. The par value per share is SEK 8.80. At the end of 2008, SSAB's three largest owner groups in terms of capital were Industrivärden, Swebank Robur Fonder and AMF Pension. It should be noted that the holdings of foreign owners in SSAB are nominee-registered. At the end of 2008, SSAB had just over 62,000 shareholders, an increase of 30 percent during the year. The 10 largest identified owners together owned 38 percent of the share capital and 45 percent of the voting capital. The foreign-registered ownership in SSAB declined during the year and, at the end of December, represented 21 percent of share capital, a reduction of 10 percentage points.

Investor relations

During 2008, a large number of meetings took place with representatives of financial institutions. Meetings were held, among other places, in Stockholm, New York, Boston, London, Edinburgh, Madrid, Frankfurt and Paris. During the year, a capital market day was arranged for analysts, investors and media representatives in Mobile, Alabama. In addition, presentations were regularly arranged in connection with publication of interim reports and the results for the year.

The number of shares and the share capital have changed since 1989 as follows:

Year		Change in number of shares	Number of shares	Change in share capital SEK millions	Share capital SEK millions
1989	Conversion	1,500,000	26,500,000	150	2,650
1994	Conversion	5,500,000	32,000,000	550	3,200
1995	4:1 split	96,000,000	128,000,000	0	3,200
1998	Redemption	-15,891,199	112,108,801	-397	2,803
2001	Reduction	-11,210,880	100,897,921	-281	2,522
2005	Redemption	-9,968,861	90,929,060	-249	2,273
2006	Redemption	-4,546,453	86,382,607	-114	2,159
2006	Bonus issue	0	86,382,607	121	2,280
2006	3:1 split	172,765,214	259,147,821	0	2,280
2007	1:4 new issue	64,786,954	323,934,775	571	2,851

Owners as of December 30, 2008

	% of share capital	% of votes
Industrivärden	16.3	21.2
Swedbank Robur Fonder	6.3	4.9
AMF Pension	4.2	5.4
LKAB	3.8	5.0
SEB Investment Management	1.6	1.4
Handelsbanken fonder inkl. XACT	1.3	1.5
Folksam - KPA - Förenade Liv	1.3	1.4
Second Swedish National Pension Fund	1.2	1.4
Handelsbanken incl. pension fund	1.2	1.4
HQ Fonder	1.1	1.4
Foreign-registered shareholders	21.4	22.0
Other shareholders	40.2	33.0
Total	100.0	100.0

Share breakdown

Shareholding	Number	% of all shareholders
1-500	31,409	50.3
501-1,000	10,968	17.6
1,001-5,000	17,774	28.5
5,001-10,000	1,145	1.8
10,001-15,000	315	0.5
15,001-20,000	163	0.3
20,001-	689	1.1
Total	62,463	

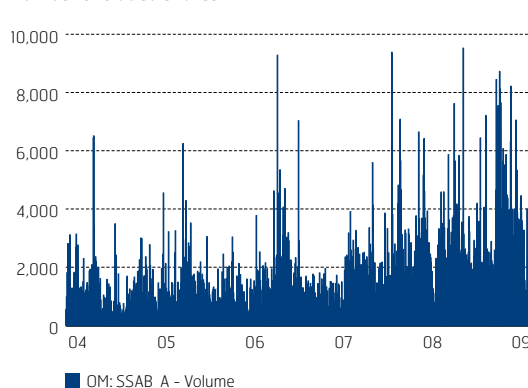
Data per share

	2008	2007	2006	2005	2004
Exchange price December 31, class A share, SEK	68.00	176.00	148.69	87.72	47.51
Profit, SEK ¹⁾	21.41	15.36	14.66	12.87	10.86
Cash flow, SEK ¹⁾	91.20	neg	14.29	14.81	6.58
Equity, SEK ¹⁾	108.64	89.19	59.18	52.01	42.96
Dividend, SEK ²⁾	4.00 ²⁾	5.00	4.50	3.00	2.50
Average number of shares, million.	323.9	296.9	265.5	285.6	302.7
Number of shares at year-end, million	323.9	323.9	259.1	90.9	100.9
Number of shares at year-end adjusted for split, million	323.9	323.9	259.1	272.8	302.7
Market capitalization, SEK millions, Dec 31	21,653	55,599	41,579	25,805	15,659
Valuation					
Direct yield, %	5.9	2.8	3.0	3.4	5.3
P/E ratio	3.2	11.5	10.1	6.8	4.4
Price/equity, %	63	197	251	169	111

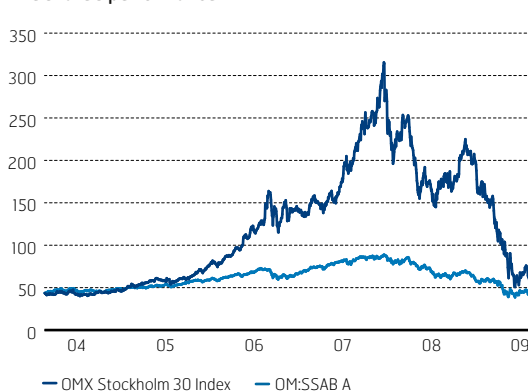
¹⁾ Adjusted based on the final value of net assets in IPSCO Inc.

²⁾ In accordance with the Board's proposal

Number of traded shares



The share's performance



5-year summary

	2008 ⁶⁾	2007 ⁶⁾	2006	2005	2004 ¹⁾
Sales (SEK millions)	54,329	40,441	31,054	27,804	24,631
Operating profit (SEK millions)	9,516	7,923	5,951	5,712	3,858
Profit after financial items (SEK millions)	8,953	6,964	5,949	5,648	4,758
Profit after tax for shareholders in the Company (SEK millions) ²⁾	6,935	4,560	4,253	4,021	3,593
Investments in plant and operations (SEK millions)	2,606	57,592	1,407	853	727
Cash flow from current operations (SEK millions)	5,387	3,574	3,958	2,976	2,213
Net debt (SEK millions)	16,992	43,643	-176	407	1,718
Capital employed at year-end (SEK millions)	55,511	74,390	17,285	16,658	16,637
Total assets (SEK millions)	69,255	91,706	22,795	21,820	21,618
Return on capital employed before tax (%)	17	18	36	34	34
Return on equity after tax (%)	22	22	29	30	33
Equity ratio (%)	51	32	68	66	60
Net debt/equity ratio (%)	48	150	-1	3	13
Dividend per share (SEK) - 2008 proposal ³⁾	4.00	5.00	4.50	3.00	2.50
Earnings per share (SEK) ³⁾	21.41	15.36	14.66	12.87	10.86
Average number of employees ⁴⁾	9,172	8,663	8,031	8,832	9,412
Sales per average employee (SEK millions)	5.9	4.7	3.9	3.1	2.6
Production of crude steel (thousand tonnes) ⁵⁾	5,846	6,540	3,737	3,966	4,142

¹⁾ 2004 has been adjusted in accordance with IFRS

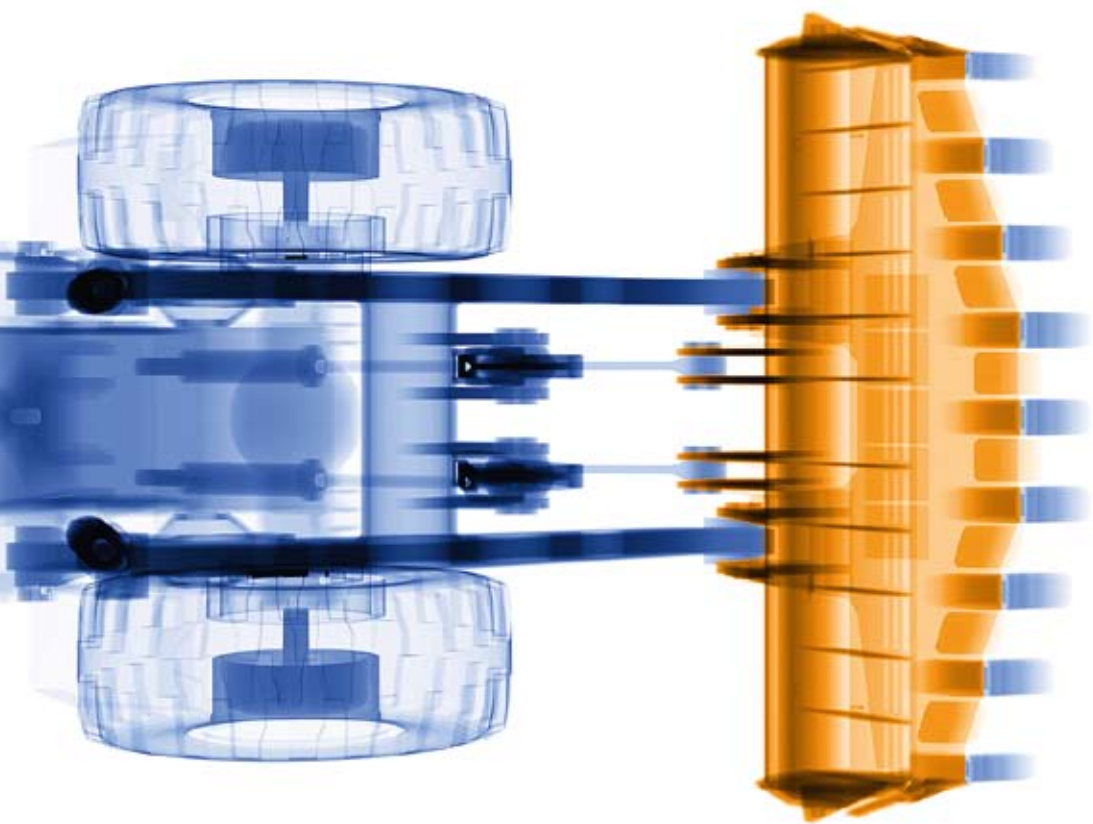
²⁾ The profit from the discontinued tubular business in IPSCO impacted on earnings for 2008 in the amount of SEK 490 million. SSAB HardTech impacted on earnings in 2004 by SEK +825 million.

³⁾ Data per share has been recalculated in light of 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 2006 figure has been adjusted.

⁵⁾ 2007 includes "old SSAB" with 3,957 thousand tonnes and SSAB North America for the full year of 2007 with 3,784 thousand tonnes.

⁶⁾ Relates to the continuing operations.



SSAB Plate is the world's leading producer of quenched steels, i.e. plate with extra high-strength and good weldability combined with high abrasion resistance and good formability. These steels are used in applications with extreme requirements for high-strength combined with good weldability or high abrasion resistance and thus are excellently suited for, among other things, construction machinery.

Financial reports

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Consolidated income statement

SEK millions	Note	2008	2007
Sales	1	54,329	40,441
Cost of goods sold	2	-42,197	-29,906
Gross profit		12,132	10,535
Selling expenses	2	-1,778	-1,630
Administrative expenses	2	-1,566	-1,256
Other operating revenue	1	1,398	482
Other operating expenses	2	-765	-308
Shares in earnings of affiliated companies and joint ventures after tax	3	95	100
Operating profit		9,516	7,923
Financial income	4	403	249
Financial expenses	4	-966	-1,208
Profit after financial items		8,953	6,964
Taxes	5	-2,445	-1,929
Profit for the year, continuing operations		6,508	5,035
Profit for the year, discontinued operations	25	490	-377
Profit for the year		6,998	4,658
Of which attributable to:			
- parent company's shareholders		6,935	4,560
- minority interests		63	98
Earnings per share¹⁾	12,29	21.41	15.36
- of which for continuing operations ¹⁾		19.90	16.63
- of which for discontinued operations ¹⁾		1.51	-1.27
Dividend per share – 2008 proposal		4.00	5.00

¹⁾ There are no outstanding share instruments and thus no dilution is relevant.

Consolidated balance sheet

SEK millions	Note	2008	2007
ASSETS			
Fixed assets			
Goodwill	6	21,105	27,252
Other intangible assets	6	6,663	15,856
Tangible fixed assets	7	17,584	21,358
Participations in affiliated companies	3,8	373	353
Financial assets	8	119	273
Deferred tax receivables	14	245	1,025
Total fixed assets		46,089	66,117
Current assets			
Inventories	9	12,924	14,072
Accounts receivable	27	5,921	8,268
Prepaid expenses and accrued revenue	10	659	714
Current tax receivables		154	246
Other current interest-bearing receivables	11	142	-
Other current receivables	27	653	582
Cash and cash equivalents	11	2,713	1,707
Total current assets		23,166	25,589
Total assets		69,255	91,706
EQUITY AND LIABILITIES			
Equity			
Share capital		2,851	2,851
Other contributed funds		9,944	9,944
Translation reserve		939	150
Retained earnings		21,260	15,945
Total equity for shareholders in the Company		34,994	28,890
Minority shares incl. minority's share of earnings		199	229
Total equity		35,193	29,119
Long-term liabilities			
Long-term interest-bearing liabilities	16	18,064	39,825
Pension provisions	13	251	383
Deferred tax liabilities	14	6,279	9,540
Other long-term provisions	15	253	90
Total long-term liabilities		24,847	49,838
Current liabilities			
Current interest-bearing liabilities	16	1,640	4,998
Accounts payable	27	3,831	4,740
Accrued expenses and deferred revenue	17	2,073	2,429
Current tax liabilities		868	40
Other current liabilities	27	285	532
Current provisions	15	518	10
Total current liabilities		9,215	12,749
Total equity and liabilities		69,255	91,706
Pledged assets	21	49	58
Contingent liabilities	22	90	75

Consolidated statement of changes in equity

SEK millions	Note	Share capital	Other contributed funds	Translation reserve	Retained earnings	Total	Minority interest	Total equity
Equity, January 1, 2007		2,280	553	-49	12,551	15,335	216	15,551
Translation difference	12 ¹⁾			-36		-36	2	-34
Effects of currency hedging	12 ¹⁾			235		235		235
Profit for the year					4,560	4,560	98	4,658
Total changes, excluding transactions with the Company's owners		-	-	199	4,560	4,759	100	4,859
New issue		571	9,391	-	-	9,962	-	9,962
Dividend		-	-	-	-1,166	-1,166	-87	-1,253
Equity, December 31, 2007		2,851	9,944	150	15,945	28,890	229	29,119
Equity, January 1, 2008		2,851	9,944	150	15,945	28,890	229	29,119
Translation difference	12			3,551		3,551	4	3,555
Effects of currency hedging	12			-3,746		-3,746		-3,746
Tax on effects of currency hedging	12			984		984		984
Profit for the year					6,935	6,935	63	6,998
Total changes, excluding transactions with the Company's owners		0	0	789	6,935	7,724	67	7,791
Dividend	12	0	0	0	-1,620	-1,620	-97	-1,717
Equity, December 31, 2008		2,851	9,944	939	21,260	34,994	199	35,193

¹⁾ The previous year's translation difference and profit have been adjusted based on a final valuation of net assets in the acquisition of IPSCO Inc.

Consolidated cash flow statement

SEK millions	Note	2008	2007
BUSINESS OPERATIONS			
Profit from operating activities			
Operating profit		9,516	7,923
Reversal of non-cash items			
- Non distributed shares in affiliated companies' earnings		-36	-34
- Depreciation of tangible fixed assets	7	1,572	1,421
- Amortization of intangible assets	6	935	909
- Profit upon sale of fixed assets		4	-15
- Profit upon sale of subsidiaries and affiliated companies		-	-93
- Other reversals		1,054	-302
Interest received		332	142
Interest paid		-991	-1,481
Tax paid		-2,566	-2,788
		9,820	5,682
Working capital			
Inventories (+ decrease)		-2,745	-276
Accounts receivable (+ decrease)		1,206	-468
Accounts payable (+ increase)		-64	435
Other current receivables (+ decrease)		-302	-123
Other current liabilities (+ increase)		-854	-569
		-2,759	-1,001
Cash flow from operating activities		7,061	4,681
INVESTING ACTIVITIES			
Investments in plants and machinery	6,7	-2,597	-2,817
Sale of plants and machinery		23	69
Acquisition of companies and shares	24	-9	-54,775
Sold companies and operations	25	24,918	156
Other long-term receivables (+ decrease)		128	7
Cash flow from investing activities		22,463	-57,360
FINANCING ACTIVITIES			
New issue		-	9,962
Dividend to shareholders		-1,620	-1,166
New loans		16,992	80,987
Repayment/amortization of loans		-41,531	-38,396
Financial investments		-227	495
Other financing (+ increase)		-2,076	1,111
Cash flow from financing activities		-28,462	52,993
CASH AND CASH EQUIVALENTS			
Balance, January 1		1,707	1,373
Cash flow from operating activities		7,061	4,681
Cash flow from investing activities		22,463	-57,360
Cash flow from financing activities		-28,462	52,993
Translation differences, cash and cash equivalents		-56	20
Balance, December 31	11	2,713	1,707
Contracted, non-utilized overdraft facilities		7,057	8,864
Disposable cash and cash equivalents		9,770	10,571

Parent company's income statement

SEK millions	Note	2008	2007
Gross profit		-	-
Administrative expenses	2	-265	-167
Other operating revenue	1	2,498	39
Other operating expenses	2	-1	0
Operating profit		2,232	-128
Dividend from subsidiaries	4	4,770	4,615
Financial items	4	651	54
Profit after financial items		7,653	4,541
Appropriations	23	-644	-13
Tax before profit		7,009	4,528
Tax	5	-65	43
Profit for the year		6,944	4,571

Parent company's balance sheet

SEK millions	Note	2008	2007
ASSETS			
Fixed assets			
Tangible fixed assets	7	6	8
Financial assets	8	36,758	12,488
Long-term receivables from subsidiaries		32	31,710
Deferred tax receivables	14	1	1
Total fixed assets		36,797	44,207
Current assets			
Accounts receivable		11	-
Current receivables from subsidiaries		13,218	13,238
Prepaid expenses and accrued revenue	10	583	34
Other current interest-bearing receivables	11	142	-
Other current receivables	27	31	145
Cash and cash equivalents	11	2,219	1,470
Total current assets		16,204	14,887
Total assets		53,001	59,094
EQUITY AND LIABILITIES			
Equity			
Restricted equity:			
Share capital		2,851	2,851
Statutory reserves		902	902
Unrestricted equity:			
Retained earnings		19,706	15,767
Profit for the year		6,944	4,571
Total equity		30,403	24,091
Untaxed reserves	23	657	13
Provisions			
Pension provisions	13	5	6
Other long-term provisions	15	224	-
Total provisions		229	6
Long-term liabilities			
Liabilities to subsidiaries		1	1
Other long-term interest-bearing liabilities	16	18,023	28,285
Total long-term liabilities		18,024	28,286
Current liabilities			
Accounts payable		31	25
Liabilities to subsidiaries		1,372	1,321
Current interest-bearing liabilities	16	1,482	4,870
Accrued expenses and deferred revenue	17	211	183
Current tax liabilities		548	10
Other current liabilities	27	26	282
Current provisions	15	18	7
Total current liabilities		3,688	6,698
Total equity and liabilities		53,001	59,094
Pledged assets	21	0	0
Contingent liabilities	22	162	171

Parent company's changes in equity

SEK millions	Note	Restricted equity		Unrestricted equity	
		Share capital	Statutory reserve	Retained earnings	Profit for the year
Equity, January 1, 2007		2,280	902	458	6,712
Retained earnings from previous year				6,712	-6,712
Effect of currency hedging	12			235	
Group contributions received				190	
Tax on group contributions				-53	
New issue	12	571		9,391	
Dividend	12			-1,166	
Profit for the year		-	-	-	4,571
Equity, December 31, 2007		2,851	902	15,767	4,571
Equity, January 1, 2008		2,851	902	15,767	4,571
Retained earnings from previous year				4,571	-4,571
Effect of currency hedging	12			1,464	
Tax on effects of currency hedging				-476	
Dividend	12			-1,620	
Profit for the year		-	-	-	6,944
Equity, December 31, 2008		2,851	902	19,706	6,944

Retained earnings include a premium reserve of SEK 9,391 (9,391) million and a fair value reserve of SEK 1,223 (235) million.

Parent company's cash flow statement

SEK millions	Note	2008	2007
BUSINESS OPERATIONS			
Profit from operating activities			
Operating profit		2,232	-128
Reversal of non-cash items			
- Depreciation of tangible fixed assets	7	2	1
- Profit upon sale of subsidiaries and affiliated companies		-2,179	-
- Other reversals		274	65
Interest received		2,483	1,301
Interest paid		-1,052	-1,252
Tax paid		-2	-2
		1,758	-15
Working capital			
Accounts receivable (+ decrease)		-11	-
Accounts payable (+ increase)		5	-
Other current receivables (+ decrease)		-539	117
Other current liabilities (+ increase)		46	-100
Commercial intra-group transactions		77	-85
		-422	-68
Cash flow from operating activities		1,336	-83
INVESTING ACTIVITIES			
Investments in plants and machinery	6, 7	-	-7
Acquisitions of companies and shares	24	-	-10,181
Sold companies and operations	25	14,801	1
Cash flow from investing activities		14,801	-10,187
FINANCING ACTIVITIES			
Dividends to shareholders		-1,620	-1,166
Group contributions		-	10
New issue		-	9,962
Dividends from subsidiaries		6,210	4,045
Shareholder contributions to subsidiaries		-37,197	-
New loans		16,992	68,653
Repayments/amortization of loans		-30,641	-36,574
Financial intra-group transactions		29,323	-35,153
Financial investments		-142	495
Other financing (+ increase)		1,687	494
Cash flow from financing activities		-15,388	10,766
CASH AND CASH EQUIVALENTS			
Balance, January 1		1,470	974
Cash flow from operating activities		1,336	-83
Cash flow from investing activities		14,801	-10,187
Cash flow from financing activities		-15,388	10,766
Balance, December 31	11	2,219	1,470
Contracted, non-utilized overdraft facilities		7,057	8,864
Disposable cash and cash equivalents		9,276	10,334

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 Reporting Board's recommendation RFR 1.1, Supplementary Accounting Rules for Groups, has been applied.

Accounting standards and applications introduced during the year have had a marginal impact on the Group's earnings and financial position.

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 in a particular section. The differences that exist between the principles applied by the parent company and the Group are due to limitations on the possibilities to apply IFRS to the parent company as a consequence of the provisions of the Swedish Annual Reports Act and the Swedish Pension Obligations (Security) Act and also, in certain cases, for tax reasons. In addition, the Swedish Financial Reporting Board's recommendation RFR 2.1, Accounting for Legal Entities, has been applied.

i. Standards, changes and interpretations that entered into force in 2008 and are relevant to the Group

- IFRIC 14, IAS 19 – Limit on a defined benefit asset, minimum funding requirements and their interaction. IFRIC 14 provides guidance when assessing the limitation in IAS 19 of the amount of the surplus which may be reported as an asset. It explains also how pension assets or liabilities can be affected by a statutory or

contractual minimum financing requirement. This interpretation has no impact on the consolidated financial statements since there are no net assets in any of the Group's pension plans and these plans do not contain any minimum financing requirement.

ii. Standards applied by the Group prematurely

- IAS 23 (Revised, Borrowing Costs): This change enters into force on January 1, 2009. 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 has chosen to apply IAS 23 (Revised) commencing October 1, 2008. The effect on earnings has been SEK 1 million.

iii. Standards, changes and interpretations which are applicable to the Group but have not yet entered into force and have not been applied by the Group prematurely

The following standards, changes and interpretations of existing standards have been published and are obligatory as regards the consolidated financial statements for financial years commencing January 1, 2009 or later.

- IAS 1 (Revised), (Presentation of financial statements): This change enters into force on January 1, 2009. The revised standard will prohibit presentation of revenue and expense items (i.e. "changes in equity other than those arising from transactions with equity holders acting in their capacity as equity holders") in the statement of changes in equity, but rather requires that "changes in equity other than those arising from transactions with equity holders acting in their capacity as equity holders" be reported separately from changes in equity which relate to transactions with shareholders. It will be required that all changes in equity which do not relate to owners be reported in a statement (statement of comprehensive income) or in two statements (separate income statement and statement of comprehensive income). If a company makes a retroactive translation or a changed classification of comparison information, it must present a translated balance sheet as per the beginning of the comparison period, in addition to the current requirement to present balance sheets at the end of the relevant period and the comparison period. The Group will apply IAS 1 (Revised) commencing January 1, 2009, which will affect the future presentation of the financial statements.
- IAS 27 (Revised, Consolidated financial statements and separate financial statements): This change enters into force on July 1, 2009 but is still subject to the EU's approval process. The revised change applies to future transactions with minority shareholders after the date of entry into force. 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 in equity; and that in those cases where

a parent company loses its controlling influence, any remaining share must be revalued at fair value. The Group will apply IAS 27 (Revised) commencing the financial year beginning January 1, 2010. The revised standard will have no effect on previously conducted transactions with minority shareholders, it will only 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 transactions 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 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 that segment information 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 this standard commencing January 1, 2009, but this standard will have no effect on the financial reporting since the Group will apply the same segment breakdown as in 2008.
- IFRS 5 (Revised, Non-current assets held for sale and discontinued operations): This change applies going forward commencing July 1, 2009. The change clarifies that all of a subsidiary's assets and liabilities be classified as holdings for sale if a plan for partial divestment leads to the loss of the controlling influence. Necessary disclosure must be provided regarding such subsidiary, if the definition of discontinued operations is fulfilled. The Group will apply IFRS 5 (Revised) commencing the financial year beginning January 1, 2010.
- IAS 28 (Revised, Investments in associates) and the consequent changes to IAS 32 (Financial instruments: presentation) and IFRS 7 (Financial instruments: disclosures): This change enters into force commencing January 1, 2009 but is still subject to the EU's approval process. The change entails that holdings in an affiliated company are treated as a separate asset with respect to the need to test for impairment and any impairment loss is not allocated to specific assets included in the holding, for example goodwill. The reversal of impairment is reported as an adjustment in the value of the holding to the extent the affiliated company's recoverable amount increases. The Group will apply IAS 28 (Revised) when testing for impairment with respect to holdings in affiliated companies and thereby associated impairments commencing the financial year beginning January 1, 2009.
- IAS 36 (Revised, Impairment of assets): This change applies commencing January 1, 2009 but is still subject to the EU's approval process. The change entails that when fair value less selling expenses is calculated on the basis of discounted cash flows, corresponding disclosure shall be provided regarding calculation of the value in use. The Group will apply IAS 36 (Revised) commencing the financial year beginning January 1, 2009. Necessary disclosure regarding tests for impairment will be provided in the financial reports.
- IAS 38 (Revised, Intangible assets): This change enters into force on January 1, 2009 but is still subject to the EU's approval pro-

cess. The change entails that an advance payment may only be reported in those cases where payment has been made before the Group has gained access to goods or services. The Group will apply IAS 38 (Revised) commencing the financial year beginning January 1, 2009.

- IAS 19 (Revised, Employee benefits): This change enters into force on January 1, 2009 but is still subject to the EU's approval process. The change clarifies that a change in a plan which changes the extent to which promises of benefits are affected by future wage increases constitutes a reduction, while a change in benefits relating to previous periods of employment gives rise to a negative cost for previous periods of employment, if it results in a reduction in the present value of the benefit-based obligation. A change has also been made in the definition of return on managed assets to establish that administrative expenses for the plan are deducted in the calculation of return on managed assets only to the extent such expenses have been excluded from the valuation of the benefit-based obligation. The delineation between current and long-term benefits for employees will be based on whether the benefits are to fall due within or after 12 months of performance of the employee's services. The Group will apply IAS 19 (Revised) commencing the financial year beginning January 1, 2009.
- IAS 31 (Revised, Interests in joint ventures) and consequent changes to IAS 32 and IFRS 7: This change enters into force on January 1, 2009 but is still subject to the EU's approval process. The standard will not affect the financial statements since the Group applies the equity method.
- IAS 20 (Revised, Accounting for government grants and disclosure of government assistance): This change enters into force on January 1, 2009 but is still subject to the EU's approval process. The benefit of a government loan bearing interest which is lower than market interest is valued as the difference between reported value on the first reporting occasion in accordance with IAS 39, "Financial instruments: recognition and measurement" and the loan disbursement which has been received. The benefit is reported in accordance with IAS 20.

Consolidated financial statements

The consolidated financial statements cover SSAB Svenskt Stål AB (publ) and the companies in which the Group is entitled to formulate financial and operational strategies in a manner which is normally associated with a shareholding in excess of 50% 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 entirely eliminated against the acquisition price. Those surpluses that comprise the difference between the acquisition value and the fair value of the Group's share of identifiable acquired assets, liabilities

and potential obligations are reported as goodwill. If the acquisition price is below the fair value of the net assets of the acquired subsidiary, the difference is reported directly in the income statement.

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 impairment of the transferred asset. Where appropriate, the accounting principles for subsidiaries have been changed in order to ensure a consistent application of the Group's principles.

In the consolidated cash flow statement, the purchase price with respect to acquired or sold operations is reported under the headings "Acquisition of companies and shares" and "Sold companies and operations". Thus, the assets and liabilities of the acquired/sold companies at the time of the acquisition/sale are not included in the cash flow statement.

Affiliated companies and joint ventures

Affiliated companies and joint ventures are reported in accordance with the equity method and valued initially at acquisition value. The equity method entails that the Group's book value of the shares in affiliated companies and joint ventures corresponds to the Group's share in the equity of the affiliated companies and joint ventures and, where appropriate, the residual value of surplus values or under-values from a Group perspective. The Group's share in the earnings 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" comprise the Group's share in the post-tax earnings of the affiliated company or joint venture. Shares in the earnings of affiliated companies and joint ventures are reported in the operating profit when operations in affiliated companies and joint ventures are related to SSAB's operations and considered to be of a business nature. Any intra-group profits are eliminated in relation to the share of equity held.

In the parent company, affiliated companies and joint ventures are reported in accordance with the acquisition value method.

Transactions in foreign currencies

Items included in the financial statements for the various units in the Group are valued in the currency used in the economic environment in which the company in question primarily operates (functional currency). Swedish kronor are used in the consolidated financial statements; this is the functional currency and reporting currency of the parent company.

Transactions in foreign currency are reported at the exchange rate prevailing on the transaction date. In certain cases, the actual rate is approximated to the average rate during a month. At the end of the month, receivables and liabilities in foreign currency are translated in accordance with the closing day rate at that time. Exchange rate differences relating to the business are reported in the operating profit, while differences attributable to financial assets and liabilities are reported as a net sum among financial items.

The income statements of foreign subsidiaries are translated into Swedish kronor at the average exchange rates for the year,

while their balance sheets are translated into Swedish kronor at the closing day rates. Any translation differences that arise are transferred directly to the 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 income is recognized in accordance with the effective return 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 Plate to SSAB Strip Products 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.

Software development expenses

Expenses for development and acquisition of new software are capitalized and reported as an intangible asset if they have a significant value for the Company in the future and they can be deemed to have a useful life in excess of three years. These capitalized expenses are depreciated on a straight-line basis over the assessed useful life. Expenses for training and software maintenance are, however, booked directly as expenses.

Tangible fixed assets

Tangible fixed assets are reported at acquisition value less deductions for accumulated depreciation and any accumulated impairment. Depreciation is based on the acquisition value of the assets and estimated useful life. If major investments include components, an assessment shall always be made as to 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, of which a significant part is required for completion for use or sale, are added as a part of the acquisition cost. Restoration expenses in connection with disposals of fixed assets are included in the acquisition value only where the criteria for making a provision for such restoration expenses may be deemed fulfilled. Additional expenses for acquiring replacement components are added to the reported value of the fixed asset or recognized as a separate asset only where it is likely that the Group will enjoy the future economic benefits associated with the asset and the acquisition value of the asset can be measured in a reliable manner. The reported value for the replaced part is deleted from the balance sheet. All other forms of repairs and maintenance are recognized as expenses in the income statement during the period in which they occur.

Land is assumed to have a perpetual period of use and thus is not depreciated. Other tangible fixed 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 improvement	20
Buildings	25–50

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

The straight line depreciation method is used for all types of tangible 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 tangible 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 determinable useful life being amortized over a determined useful life, while assets with an undeterminable useful life are not amortized.

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 impairment and reported at acquisition value less accumulated impairment. Impairment of goodwill is not reversed. Profits or losses upon the sale of a unit include the remaining reported value of the goodwill which relates to the sold unit.

When testing for impairment, goodwill is allocated over cash-generating units. The allocation is made on the cash-generating units or groups of cash-generating units which are expected to benefit from the business 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. Straight line amortization is applied to allocate the costs for customer relations over their assessed useful life (six to twelve years).

Trademarks

Acquired trademarks and licenses are reported at acquisition value. Trademarks and licenses have a determinable useful life and are reported at acquisition value less accumulated amortization. Straight line amortization is applied to allocate the costs for trademarks over their assessed useful life and licenses are amortized over the term of the agreement (five to ten years).

Software

Acquired software licenses are capitalized on the basis of the costs incurred upon acquisition and placement into operation of the relevant software. These capitalized costs are amortized on a straight line basis over the assessed useful life (three to five years).

Other intangible assets

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

Impairment of non-financial assets

Intangible assets with an undeterminable useful life (including goodwill) are not amortized but, tested annually for any impairment or otherwise where signs indicate impairment. Other non-financial assets with an undeterminable useful life are tested when signs indicate impairment. Amortized assets are tested for 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. Testing of the value of an asset with an undeterminable useful life may also result in the asset being reclassified as an asset with a determinable useful life. The asset's period of use is then calculated and amortization commences. The recovery

value is the asset's fair value reduced by selling expenses, or its useful value, whichever is higher. When testing for impairment, assets are grouped on the lowest levels for which there are separately identifiable cash flows (cash-generating units). With respect to assets other than financial assets and goodwill which have previously been impaired, an annual test is conducted as to whether a reversal should be made.

Leased assets

Expenses for fixed assets that are leased instead of owned are reported primarily as lease expenses on a straight line basis over the leasing period (operational leasing). Where 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 economic life or the outstanding leasing period, whichever is the shorter). At the beginning of the leasing period, financial leasing is reported in the balance sheet at the of the lower leased object's fair value or the present value of the minimum leasing charges. Each lease payment is divided into interest payment and repayment of the debt; interest is allocated over the leasing period. Corresponding payment obligations, less deductions for financial expenses, are included in the balance sheet items, "Current interest-bearing liabilities" and "Long-term interest-bearing liabilities".

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

Financial assets

Financial assets include cash and cash equivalents, accounts receivable, shares and participations, loan claims and derivative instruments. They are reported initially at an acquisition value corresponding to the fair value of the asset plus a supplement for transaction costs, with the exception of assets that are valued at fair value. Reporting 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 via the income statement", "held to maturity", "loans and receivables" and "available for sale".

- Assets at fair value via the income statement: Assets that are acquired primarily in order to enjoy profits upon short-term price fluctuations, holdings for trading, are classified as "Assets valued at fair value via 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. Derivative instruments taken up for business-related items are reported among "Other operating revenue/expenses", while derivative instruments of a financial nature are reported in "Financial items". Assets in this category are included in current assets, with the exception of items with maturity dates more than twelve months after the balance sheet date, which are classified as 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. The Group held no instruments in this category during 2007 or 2008.
- Loans and receivables: Loan claims and accounts receivable are financial assets that are not derivative instruments, which have fixed or determinable payments and which are not listed on an active market. The claims arise when cash, goods or services are provided directly to the debtor without an intention of trading in the receivables. Just as with the preceding category, assets in this category are valued at the accrued acquisition value. They are included in "Current assets", with the exception of items with maturity dates more than twelve months after the balance sheet date, which are classified as 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 investments in equity instruments which do not have a listed market price and the fair value of which cannot be calculated in a reliable manner. They are valued at acquisition value

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. During 2007 and 2008 the Company had no accounts receivable with a due date in excess of twelve months. Any impairment of accounts receivable takes place in selling expenses in the income statement.

Cash and cash equivalents

Covers 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 valued at the fair value via the income statement. Overdraft facilities are reported in the balance sheet as borrowing among "Current interest-bearing liabilities".

Impairment of financial assets

The Group regularly assesses whether there is any objective evidence for impairment of a financial asset or a group of financial assets. With respect to investments in equity instruments which are valued at acquisition value, a significant or prolonged decline in the fair value of a share to a level below its acquisition value is considered to be an indication of impairment. If such evidence exists, the difference between the reported value and the current fair value is reported in the income statement. Writedowns of equity instruments is not reversed in the income statement. Tests for impairment of accounts receivable are based on an individual assessment of bad debts. The size of the provision comprises the difference between the reported value of the asset and the present value of estimated future cash flows, discounted applying an effective 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). When calculating the acquisition value, a weighted average value is normally used to approximate FIFO.

The net realizable value is normally calculated as the sales price less production and selling expenses. With respect to 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 manufacturing cost or the net realizable value, whichever is lower. Necessary provision is made for obsolescence.

The acquisition value of inventories includes all costs for purchasing, production and other expenses incurred in bringing the goods to their current location and condition.

Employee benefits

Pensions

Within the Group there are both contribution-based and benefit-based pension plans. Generally, the plans are financed through payments to insurance companies or manager-administered funds.

In the contribution-based plans, fixed fees are paid to a separate legal entity and there is no obligation, legal or informal, to pay any additional fees. In the contribution-based plans, payments are recognized as an expense during the period when the employees have performed the services to which the fees relate. Blue collar employees in Sweden are covered by such a contribution-based plan.

In the benefit-based plans, compensation is payable to employees and former employees based on salary at the time of retirement and number of years in service. The Group bears the risk that the costs for the promised payments will be higher than estimated.

In the consolidated balance sheet, the net of the estimated present value of the obligations and fair value of the managed assets is reported either as a long-term provision or as a long-term financial claim. In those cases where a surplus in a plan cannot be utilized in full, only that part of the surplus which can be recovered through reduced future fees or refunds is reported. Set-off of a surplus in one plan against a deficit in another plan takes place only where a right of set-off exists.

Pension expenses and pension obligations for benefit-based plans are calculated in accordance with the Projected Unit Credit Method. The method allocates pension expenses as the employees perform the services that increase their entitlement to future compensation. The obligation is calculated by independent actuaries and constitutes the present value of the anticipated future disbursements. The discount rate that is applied corresponds to the rate of interest on 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 each country.

Profit shares and variable salary

SSAB employees are covered by a profit sharing system which entitles them to a share in the profit above a minimum level. The Group Executive Committee and a number of other senior executives 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 SSAB North America participate in a long-term incentive program. During 2007, a component in the calculation of the result was related to earnings per share. Commencing 2008, this component has been replaced by a profit-related share. There is a ceiling for the result in relation to fixed salary and the entire compensation is paid in cash. The costs 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.

Compensation upon termination of employment

Compensation upon termination of employment is paid when employment is terminated prior to the normal retirement age or where an employee accepts voluntary retirement in exchange for such compensation. The Group reports severance compensation when the Group is demonstrably obliged either to terminate an employee in accordance with a detailed formal plan without the possibility of recall, or to provide compensation upon termination as a result of an offer made in order to encourage voluntary retirement. Benefits which fall due more than twelve months from the balance sheet date are discounted to present value.

Provisions

Provisions are reported when the Group has an obligation as a result of an event that has occurred and it is likely that payments will be demanded for fulfillment of the obligation. A further requirement is that it is possible to make a reliable estimation of the amount to be paid out.

Provisions for restructuring measures are made when a detailed, formal plan for the measures is in place and well-founded expectations have been created among the parties that will be affected by the measure, and this takes place prior to the balance sheet date.

Emission rights

SSAB participates in the EU's emission rights trading system. 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 measures associated with previous operations and which do not contribute to current or future revenue are booked as a cost when incurred. The environmental undertaking is calculated based on interpretations of applicable environmental legislation and regulations and reported when it is likely that payment liability will be incurred and a reasonable estimation can be made of such amount. Provisions have not been made for land clean-up to prepare the industrial areas for other use in the future, since it is not possible to make a reasonable estimation of when such clean-up will take place.

Financial liabilities

Financial liabilities include loan debts, accounts payable and derivative instruments. Reporting thereafter takes place depending on how the liabilities are classified. Financial liabilities are removed from the balance sheet when the debt/instrument is paid in full or ceases to apply or is transferred through all risks and benefits being assigned to an external party.

Accounts payable

Accounts payable are valued initially at fair value and thereafter at accrued acquisition value.

Loan debts

Loan debts are valued initially at net fair value after transaction costs, and thereafter at accrued acquisition value. The accrued acquisition value is determined based on the effective 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.

Derivative 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. Derivative instruments in the form of interest swaps are used to hedge exposure to interest rate risks.

All derivative instruments are reported in the balance sheet at fair value. The method for reporting accrued profit/loss differs, however, depending on the purpose of the derivative instrument. When a derivative contract is entered into, it is characterized as hedging of the fair value of a reported asset/liability or of a signed delivery order ("fair value hedging"), hedging of a planned transaction ("cash flow hedging"), hedging of a net investment in a foreign company, or as a derivative instrument which does not meet the requirements for hedging transactions.

When the transaction is entered into, the Group documents the relationship between the hedge instrument and the hedged item, as well as the Group's risk management objectives and risk management strategy as regards the hedging. The Group also documents its assessment, both when hedging is entered into and on a regular basis, of whether the derivative instruments used in hedge transactions are efficient in counteracting changes in fair value or cash flows that relate to the hedged items.

Information regarding fair value of various derivative instruments used for hedging purposes is set forth in Note 27. Changes in the hedging reserve in equity are set forth in Note 12. The entire fair value of a derivative instrument which constitutes a hedge instrument is classified as a fixed asset or long-term liability when the outstanding term of the hedged item exceeds twelve months, and as a current asset or current liability when the outstanding term of the hedged item is less than twelve months.

- Fair value hedging: Changes in the fair value of derivative instruments which are categorized as, and meet the requirements for, "fair value hedging" are reported in the income statement together with changes in the fair value of the asset/liability or the

delivery order to which the hedging relates. Transaction costs related to fair value hedging are recognized immediately in the income statement.

- **Cash flow hedging:** Changes in fair value of derivative instruments which are characterized as, and meet the requirements for, cash flow hedging are reported, to the extent they are deemed to constitute effective hedging, in equity as hedging reserves until such time as the hedged interest is entered in the books. The ineffective part of the profit or loss is reported in the income statement, in "Financial items". When the hedged interest is entered in the books, the result from the derivative instrument is also reported in the income statement. 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 accumulated profit or loss remains in equity until such time as a forecast transaction occurs.
- **Net investment hedging:** Hedging of net investments in foreign companies is reported in the same manner as cash flow hedging. The effective part of changes in value of derivative instruments and liabilities, which are used as hedge instruments, is reported in the translation reserve in equity. Accumulated profits and losses in equity are reported in the income statement when the foreign operations are divested, in whole or in part.
- **Certain derivative transactions** do not meet the formal criteria for hedge accounting. Changes in fair value with respect to such derivative instruments 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", while derivative instruments of a financial nature are reported in "Financial items".

The fair value of currency forward contracts and currency swaps is calculated based on 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 effect which arises when final tax is triggered. It corresponds to the net effect of tax on all differences between the tax value of assets and liabilities and the value for accounting purposes (temporary differences), applying the future tax rates already decided upon or announced which will apply when the tax is expected to be realized.

Temporary differences arise primarily through accelerated depreciation of 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 receivable 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 regarding payment of the dividend.

Dividends, the parent company

An anticipated dividend is 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 earnings.

Cash flow statement

The cash flow statement is prepared in accordance with the indirect method. Cash and cash equivalents in the cash flow statement consist of cash and bank balances as well as short-term investments with a term to maturity of less than three months from the acquisition date which are exposed to only an insignificant risk of change in value.

Segment reporting

Business areas

The Group is organized into separate divisions and sub-groups: SSAB Strip Products, SSAB Plate, SSAB North America and Tibnor. In addition, there is Plannja (which is no longer reported as a separate business area), as well as a number of foreign sales companies that are owned directly by the parent company. These do not constitute separate segments since they are considered to be relatively small from a Group perspective. 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 26–34.

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 permanent use.

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Note 1

Sales and other operating revenue

Sales per product area	Group	
	2008	2007
SEK millions		
Hot-rolled strip	8,637	8,913
Cold-rolled and metal-coated strip	3,465	4,664
Organic-coated and profiled strip	3,983	4,309
Plate	25,720	14,102
Trading operations	9,709	6,832
Slabs	250	198
By products/scrap	2,191	1,417
Other	374	6
Continuing operations	54,329	40,441
Discontinued operations	7,918	7,210
Total	62,247	47,651

Sales broken down by business area and geographic market are shown in the Group Review on page 15 and in Note 26.

Other operating revenue	Group		Parent Company	
	2008	2007	2008	2007
SEK millions				
Sales of purchased energy and media	152	126	-	-
Net exchange rate gains	706	39	-	-
Profit upon sale of emission rights	240	38	240	38
Profit upon sale of companies and operations ¹⁾	-	90	2,179	-
Profit upon sale of fixed assets	1	13	-	-
Insurance indemnification	197	-	-	-
Other	102	176	79	1
Continuing operations	1,398	482	2,498	39
Discontinued operations	-	101	-	-
Total	1,398	583	2,498	39

¹⁾ For 2008, the parent company's capital gains comprise capital gains of SEK 1,593 million from IPSCO Tubular as well as SEK 586 million from the affiliated companies, Norsk Stål A/S and Norsk Stål Tynnplater A/S. The Group's capital gains in 2007 related to Tibnor's sale of a small number of property companies.

The capital gain on the sale of the tubular business is reported in the Group on a separate line in the income statement: "Profit for the year, discontinued operations".

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Note 2

Operating expenses

Type of cost	Group		Parent Company	
	2008	2007	2008	2007
SEK millions				
Raw materials in the steel operations	18,403	10,411	-	-
Purchased products and other input materials in the steel operations	1,919	1,516	-	-
Purchased products in the processing and trading operations	6,969	6,835	-	-
Materials and services	8,186	6,316	84	52
Energy	3,146	2,024	-	-
Compensation to employees	5,707	4,983	143	72
Depreciation	2,164	1,610	2	0
Inventory surplus value booked as cost	-	570	-	-
Change in inventory	-892	-1,165	-	-
Provision, cost savings program	498	-	-	-
Other	206	-	38	43
Continuing operations	46,306	33,100	267	167
Discontinued operations	6,969	7,255	-	-
Total	53,275	40,355	267	167

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Note 2 cont.
Operating expenses

Fees and compensation to accounting firms amount to:

Fees for audits and related services	Group		Parent Company	
	2008	2007	2008	2007
SEK millions				
PricewaterhouseCoopers	15	9	6	6
Ernst & Young	36	8	-	-
KPMG	9	1	-	-
Other	2	1	-	-
Total expenses for audit and related services	62	19	6	6

Other compensation to accounting firms	Group		Parent Company	
	2008	2007	2008	2007
SEK millions				
PricewaterhouseCoopers ¹⁾	43	40	42	39
Ernst & Young	9	5	5	2
KPMG	11	11	11	-
Other	1	2	0	0
Total other compensation	64	58	58	41

¹⁾ In addition to the audit, other compensation to PricewaterhouseCoopers for 2008 relates primarily to services in connection with the sale of SSAB North America's tubular business. For 2007, it related primarily to services in connection with the acquisition of IPSCO Inc. For 2006, other compensation amounted to SEK 2 million.

Operating expenses have been reduced by the following government grants:

	Group		Parent Company	
	2008	2007	2008	2007
SEK millions				
Freight support	15	13	-	-
Other	2	3	-	-
Total	17	16	-	-

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Note 2 cont.
Operating expenses

Compensation to employees	Directors, President and Executive Vice President		Other employees	
	2008	2007	2008	2007
SEK millions				
Parent company ¹⁾	34	14	69	29
Subsidiaries in Sweden	22	21	2,541	2,501
Subsidiaries outside Sweden				
USA	15	5	651	1,075
Canada	2	1	20	451
Denmark	4	2	73	71
Finland	3	3	48	47
France	0	0	9	10
Italy	1	3	22	19
Netherlands	1	0	10	0
Norway	3	3	20	17
Poland	7	6	21	19
South Africa	0	0	21	25
Great Britain	1	1	20	23
Germany	0	0	25	23
Other countries	5	3	57	51
Total wages and salaries²⁾	98	62	3,607	4,361
Social security expenses	29	25	1,566	1,812
(of which pension expenses)	(13)	(12)	(435)	(722)
Profit-sharing scheme	1	1	314	348
Other expenses for employee benefits	1	1	91	35
Total compensation to employees	129	89	5,578	6,556

¹⁾ Relates only to personnel employed and working within the parent company. Personnel in some of the larger subsidiaries are formally employed in the parent company but are reported in terms of number and expense in the relevant subsidiary. In 2008, expenses for the Presidents of SSAB Strip Products and SSAB Plate are also reported in the parent company.

²⁾ Total wages and salaries include profit-based salaries including integration bonuses to Presidents and Executive Vice Presidents in the amount of SEK 18 (8) million, of which SEK 13 (4) million in the parent company. The parent company 2008 also includes profit-based salaries to the Presidents of SSAB Strip Products and SSAB Plate.

Board fees and 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 the general meeting. The Chairman's fee was SEK 1,200 (1,025) thousand and Directors

(excluding the President) each received a fee of SEK 400 (375) thousand. In addition, members of Board committees received SEK 75 thousand for each committee on which the member served, with the exception of the Chairman of the Audit Committee, who instead received SEK 100 thousand. In total, SEK 4,000 (3,550) thousand was paid in fees to the Board of Directors.

Directors	Elected	Position	Fees, SEK	
			Board fees	Committee fees
Elected by the general meeting				
Sverker Martin-Löf	2003	Chairman	1,200,000	150,000
Carl Bennet	2004	Director	400,000	
Anders G Carlberg	1986	Director	400,000	100,000
Olof Faxander	2006	Director, President		
Marianne Nivert	2002	Director	400,000	75,000
Anders Nyrén	2003	Director	400,000	75,000
Matti Sundberg	2004	Director	400,000	
Lars Westerberg	2006	Director	400,000	

Salaries and compensation for the President and other senior executives

According to a resolution adopted by the annual general meeting in March 2008, the President and other persons in the Company's senior management shall receive compensation comprising fixed salary, possible variable compensation, other benefits, and pension. "Other persons in the Company's senior management" means members of the Group

Executive Committee in addition to the President. The total compensation package shall be on market terms and competitive to the employment market in which the executive works. The fixed salary and variable compensation shall be related to the executive's responsibilities and powers. The variable compensation shall be based on the results relative to defined and measurable targets and shall be subject to a ceiling rela-

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Note 2 cont.

Operating expenses

tive to the fixed compensation. Variable compensation shall not be included in the computation of pension rights, except in those cases where so prescribed 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 computation of pension rights due to legislation or competitive practice in the local market.

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. In the event the employment terminates prior to retirement age, the executive shall receive a paid-up policy regarding earned pension. Termination periods 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 President's salary and other employment terms and conditions, and determines the salary and other employment terms and conditions for the Group Executive Committee in accordance with guidelines decided upon by the Annual General Meeting. The Committee consists of Sverker Martin-Löf (chairman) and Anders Nyrén. The President is a co-opted member of the Committee but does not participate in discussions concerning his own salary and employment terms and conditions.

Compensation to the President and other members of the 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 SSAB North America, among others the Swedish members of the Group Executive Committee, including the President. 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 entirely on the degree to which a number of established targets are achieved as regards the integration of SSAB North America 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 in the United States receives compensation which is considered to be competitive from a North American perspective. He receives a fixed basic salary and, in addition, annual variable compensation which varies depending on SSAB North America's results compared with a number of comparable steel companies. His annual variable compensation is subject to a ceiling relative to the fixed salary. The target result is 60% 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 SSAB North America's long-term incentive program. The result depends on SSAB North America's return on capital employed, SSAB North America's earnings and a component which is related to the Group's

earnings. The outcome is subject to a ceiling relative to fixed salary. Fully developed, the plan has a target outcome of 100% of fixed annual salary, but in an extreme case may amount to a maximum of 450%. Payments under the long-term incentive program take place in cash, solely on condition that he remains in his employment. Finally, he shall receive a retention bonus of USD 225,000 annually for three years, calculated from the acquisition of IPSCO in July 2007, provided that he remains in his employment.

President and Chief Executive Officer

Olof Faxander's total compensation excluding pension amounted to SEK 11.6 (6.8) million, of which SEK 2.2 (2.2) million consisted of the profit-related ordinary variable salary component, which will be paid out in 2009 (2008) and SEK 4.5 (-) million comprised the temporary integration bonus for the period July 2007 up to and including June 2008.

The minimum retirement age is 60. The pension is based on contributions and covered by insurance. The cost amounted to 31 (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 President must give 6 months' notice of termination.

Other Group Executive Committee members

Apart from the President, the Group Executive Committee during the year comprised 8 persons. On June 13, John Tulloch resigned and he was replaced by David Britten as Executive Vice President, SSAB North America. On July 31, Göran Carlsson resigned and was replaced by Martin Lindqvist as Executive Vice President, SSAB Strip Products, while Marco Wirén replaced Martin Lindqvist as CFO. The current Group Executive Committee is presented on page 117.

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 compensation is 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

	President		Other Group Executive Committee	
SEK millions	2008	2007	2008	2007
Basic salary	4.7	4.5	16.6	11.2
Other benefits ¹⁾	0.2	0.1	0.9	0.5
Variable compensation ²⁾	2.2	2.2	9.8	7.2
Integration bonus ³⁾	4.5	-	11.2	-
Pension expenses	1.5	1.3	7.8	5.5
Other compensation ⁴⁾	-	-	2.2	-
Total	13.1	8.1	48.5	24.4

¹⁾ Relates primarily to car and gasoline benefits.

²⁾ Relates to expenses for each financial year, which are disbursed the following year.

³⁾ Relates to compensation disbursed for the period July 2007-June 2008.

⁴⁾ Relates to disbursed severance compensation.

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Note 3

Affiliated companies and joint ventures

Share of earnings and share of equity	Share of earnings after tax		Share of equity	
SEK millions	2008	2007	2008	2007
Lulekraft AB	0	0	10	10
Norsk Stål A/S	65	81	214	212
Norsk Stål Tynnplater A/S	6	6	52	47
Oxelösunds Hamn AB	10	10	71	63
Blastech Mobile LLC (joint venture)	14	3	26	21
Total	95	100	373	353

Share of sales and assets	Share of sales		Share of assets	
SEK millions	2008	2007	2008	2007
Lulekraft AB	197	182	82	89
Norsk Stål A/S	1,671	1,702	450	484
Norsk Stål Tynnplater A/S	375	405	134	156
Oxelösunds Hamn AB	131	117	121	106
Blastech Mobile LLC (joint venture)	44	14	27	23
Total	2,418	2,420	814	858

Receivables from affiliated companies and joint ventures	Group		Parent Company	
SEK millions	2008	2007	2008	2007
Included in balance sheet items:				
Accounts receivable	19	73	-	-
Prepaid expenses and accrued revenue	0	5	-	-
Total	19	78	-	-

Liabilities to affiliated companies and joint ventures	Group		Parent Company	
SEK millions	2008	2007	2008	2007
Included in balance sheet items:				
Accounts payable	39	2	-	-
Accrued expenses and deferred revenue	1	3	-	-
Total	40	5	-	-

There were no transactions with the joint venture company. The following transactions with affiliated companies occurred during the year: Lulekraft purchased gas from SSAB Strip Products for SEK 368 (327) million and resold electricity for SEK 336 (263) million. Norsk Stål and Norsk Stål Tynnplater purchased steel from the steel

operations for SEK 459 (411) million and sold for SEK 12 (11) million. Oxelösunds Hamn sold port services to SSAB Plate for SEK 184 (184) million and purchased other services for SEK 14 (13) million. The transactions took place at arm's length prices.

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Note 4
Financial items**The Group**

SEK millions	Note	2008	2007
Financial revenue			
Interest income		299	140
Dividends		4	-
Net exchange rate differences		81	104
Other		19	5
Total financial revenue		403	249
Financial expenses			
Interest expenses		838	1,061
Other		128	147
Total financial expenses		966	1,208
Financial items, continuing operations		-563	-959
Discontinued operations	25	-320	-703
Total financial revenue and expenses		-883	-1,662

Net profit attributable to financial instruments is included in the amount of SEK 7 (0) million.

Parent company

SEK millions	2008	2007
Dividends from subsidiaries ¹⁾	4,770	4,615
Dividends from affiliated companies	59	64
Profit from other securities and receivables which constitute fixed assets		
Other interest income	31	-
Other interest income and similar revenues		
Interest income from subsidiaries	1,525	1,217
Other interest income	9	83
Net exchange rate differences	81	96
Total financial revenue	6,475	6,075
Interest expenses and similar expenses		
Interest expenses to subsidiaries	21	41
Other interest expenses	1,015	1,359
Other	18	6
Total financial expenses	1,054	1,406
Total financial revenue and expenses	5,421	4,669

¹⁾ Anticipated dividend is included in the amount of SEK 2,600 (4,040) million.

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Note 5
Taxes

Tax expenses	Group		Parent Company	
SEK millions	2008	2007	2008	2007
Swedish corporate income tax	1,390	1,329	65	-43
Foreign corporate income tax	723	781	-	-
Total current tax expenses	2,113	2,110	65	-43
Deferred taxes	332	-181	-	-
Reported tax expenses, continuing operations	2,445	1,929	65	-43
Discontinued operations	209	-472	-	-
Total tax expenses	2,654	1,457	65	-43

Reconciliation of tax rates	Group		Parent Company	
%	2008	2007	2008	2007
Applicable tax rate in Sweden	28	28	28	28
Tax effect of:				
non-deductible expenses	0	1	0	0
non-taxable divestments	0	-1	-7	0
non-taxable revenue	-1	0	-20	-29
changes in tax rates	-1	-	0	-
other tax rates in foreign subsidiaries	1	-1	-	-
taxes relating to earlier periods	0	0	0	0
losses carried forward which it is believed cannot be utilized	0	0	-	-
previous non-booked tax receivables on losses carried forward	0	0	-	-
Effective tax rate	27	27	1	-1

The parent company's other non-taxable revenue consists primarily of dividends from subsidiaries. Tax expenses for the year were SEK 2,445 (1,929) million and the effective tax rate was 27 (28)%. Tax expenses were positively affected by SEK 126 million through reappraisal of deferred tax liabilities in Sweden, since the Swed-

ish corporate income tax rate has decreased from 28% to 26.3% effective January 1, 2009 and through the utilization of previously non-booked tax credits in the United States in the amount of SEK 80 million.

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Note 6
Intangible assets

SEK millions	Customer relations	Non-compete agreements	Trade-marks	Patents, licenses, technology and other rights	Goodwill	Total intangible assets
Group						
Acquisition value, January 1, 2007	-	-	-	63	-	63
Acquisitions	-	-	-	7	-	7
Increase through business combinations	10,823	93	154	66	30,462	41,598
Sales and disposals	-	-	-	0	-	0
Decrease through discontinued operations	-	-	-	-	-	-
Reclassifications	-	-	-	-	-	-
Translation differences	-231	-3	-5	0	-259	-498
Acquisition value, December 31, 2007	10,592	90	149	136	30,203	41,170
Acquisition value, January 1, 2008	10,592	90	149	136	30,203	41,170
Adjustment of opening balance ¹⁾	1,145	-	2,937	1,758	-2,951	2,889
Adjusted acquisition value, January 1, 2008	11,737	90	3,086	1,894	27,252	44,059
Acquisitions	-	-	-	1	-	1
Increase through business combinations	-	-	-	-	13	13
Sales and disposals	0	0	0	0	0	0
Decrease through discontinued operations	-5,307	-85	-3,073	-1,311	-8,094	-17,870
Reclassifications	-	-	-	-	-	0
Translation differences	1,004	-5	-8	104	1,934	3,029
Acquisition value, December 31, 2008	7,434	0	5	688	21,105	29,232
Accumulated depreciation, January 1, 2007	-	-	-	53	-	53
Sales and disposals	-	-	-	0	-	0
Depreciation/write-downs for the year	445	17	12	2	-	476
Decrease through discontinued operations	-	-	-	-	-	0
Reclassifications	-	-	-	0	-	0
Translation differences	-7	-0	-1	1	-	-7
Accumulated depreciation, December 31, 2007	438	17	11	56	-	522
Accumulated depreciation, January 1, 2008	438	17	11	56	-	522
Adjustment of opening balance ¹⁾	146	-	-11	293	-	428
Adjusted accumulated depreciation, January 1, 2008	584	17	0	349	-	950
Sales and disposals	-	-	-	-	-	-
Depreciation/write-downs for the year	752	9	2	171	-	934
Decrease through discontinued operations	-303	-25	0	-276	-	-604
Reclassifications	-	-	-	-	-	-
Translation differences	148	-1	0	37	-	184
Accumulated depreciation, December 31, 2008	1,181	0	2	281	-	1,464
Residual value, December 31, 2007	10,154	73	138	80	30,203	40,648
Residual value, December 31, 2008	6,253	0	3	407	21,105	27,768

¹⁾ The adjustment in the opening balance has taken place based on a final valuation of the net assets in the acquisition of IPSCO Inc.

Depreciation for the year is included in the income statement in the amount of SEK 835 (474) million in costs of goods sold; SEK 96 (0) million in selling expenses; SEK 0 (0) million in administrative expenses; and SEK 3 (2) million in other operating expenses. There are no internally generated intangible assets.

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Note 6, cont.
Intangible assets

Test of impairment of goodwill

A test of impairment of goodwill takes place annually on November 30. Goodwill is allocated to two of the Group's cash-generating units identified below:

SEK millions	SSAB North America	Steinwalls Plåt
	21,033	60

A recoverable amount for a cash-generating unit is based on calculations of value in use. These calculations are based on estimated future cash flows before tax, based on financial budgets and forecasts approved by the Group Executive Committee/Board and which cover a five-year period. Cash flows beyond this five-year period have been extrapolated using assessed growth in accordance with the information below. The rate of growth does not exceed the long-term rate of growth for the market on which these cash-generating units operate.

Significant assumptions used in calculations of use value are shown in the table below:

	SSAB North America	Steinwalls Plåt
Assessed rate of growth (%)	2	2
Weighted average discount rate, before tax (%)	12.3	12.3

The assumptions have been used to analyze each cash-generating unit.

The management has established the budgeted and forecast margin based on historical results and expectations regarding market trends and the cash-generating unit. The rate of growth used corresponds to the forecasts available in industry and analyst reports. The discount rate used is stated before tax and reflects specific risks applicable to the different cash-generating units.

Calculations conducted using the above assumptions have demonstrated that no impairment of goodwill existed as per December 31.

Emission rights

As a method for curtailing carbon dioxide emissions, in 2005 the EU introduced a system of emission rights. For the first period 2005-07, the Group was allocated 19.9 million tonnes of emission rights, and during 2008 final settlement of account took place for the period, whereupon rights relating to 0.7 million tonnes were cancelled. For the second trading period 2008-2012, the Group received 36.7 million tonnes, of which 6.1 million tonnes is expected to have been consumed in 2008. As a consequence of the lower production and thereby reduced carbon dioxide emissions, 1.5 million tonnes were sold during the year. Emission rights are reported as intangible assets booked at an acquisition value of SEK 0. Sold rights have generated a profit of SEK 240 (38) million.

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Note 7 Tangible fixed assets

SEK millions	Land and land improvements	Buildings	Plant	Equipment, tools, fixtures and fittings	Construction in progress and advances to suppliers	Total tangible fixed assets
Group						
Acquisition value, January 1, 2007	354	2,575	16,877	899	949	21,654
Acquisitions	31	208	1,455	79	1,037	2,810
Increase through business combinations	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, December 31, 2007	967	3,422	29,504	949	3,031	37,873
Acquisition value, January 1, 2008	967	3,422	29,504	949	3,031	37,873
Adjustment of opening balance ¹⁾	149	351	-2,448	347	-	-1,601
Adjusted acquisition value, January 1, 2008	1,116	3,773	27,056	1,296	3,031	36,272
Acquisitions	7	434	2,364	200	-409	2,596
Increase through business combinations	-	-	0	-	-	0
Sales and disposals	-3	-16	-322	-47	-	-388
Decrease through discontinued operations	-560	-700	-3,734	-445	-576	-6,015
Reclassifications	-40	205	-6	0	-159	0
Translation differences	11	130	953	11	9	1,114
Acquisition value, December 31, 2008	531	3,826	26,311	1,015	1,896	33,579
Accumulated depreciation, January 1, 2007	67	1,665	11,252	707	-	13,691
Sales and disposals	-12	-119	-155	-76	-	-362
Depreciation for the year	9	105	1,380	76	-	1,570
Reclassifications	0	0	48	-48	-	0
Translation differences	2	23	126	5	-	156
Accumulated depreciation, December 31, 2007	66	1,674	12,651	664	0	15,055
Accumulated depreciation, January 1, 2008	66	1,674	12,651	664	-	15,055
Adjustment of opening balance ¹⁾	6	1	-147	-2	-	-142
Adjusted accumulated depreciation, January 1, 2008	72	1,675	12,504	662	-	14,913
Sales and disposals	0	-16	-315	-30	-	-361
Depreciation for the year	16	123	1,352	81	-	1,572
Decrease through discontinued operations	-8	-22	-195	-26	-	-251
Reclassifications	-22	21	4	-3	-	0
Translation differences	-1	13	109	-	-	121
Accumulated depreciation, December 31, 2008	57	1,794	13,459	684	-	15,994
Accumulated write-down, January 1, 2007	1	-	-	-	-	1
Write-down for the year	-	-	-	-	-	-
Accumulated write-down, December 31, 2007	1	-	-	-	-	1
Accumulated write-down, January 1, 2008	1	-	-	-	-	1
Write-down for the year	-	-	-	-	-	-
Accumulated write-down, December 31, 2008	1	-	-	-	-	1
Residual value, December 31, 2007	900	1,748	16,853	285	3,031	22,818
Residual value, December 31, 2008	473	2,032	12,852	331	1,896	17,584

¹⁾ The adjustment in the opening balance has taken place based on a final valuation of the net assets in the acquisition of IPSCO Inc.

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Note 7 cont.

Tangible fixed assets

Depreciation for the year is included in the income statement in the amount of SEK 1,460 (1,477) million in costs of goods sold; SEK 58 (33) million in selling expenses; SEK 43 (53) million in administrative expenses; and SEK 11 (7) million in other expenses. Commencing October 1, 2008, the Company applies IAS 23 regarding capitalization of interest during the construction period. During the period, SEK 1 million was capitalized and the rate of interest applied was 5%. The item "Machinery" includes leasing agreements in the amount

of SEK 90 (88) million in acquisition value and SEK 45 (50) million in residual value. The tax assessment value of properties in Sweden is SEK 2,180 (2,142) million, while the corresponding properties residual value is SEK 1,233 (967) million. As per the balance sheet date, there were contracted investments in fixed assets valued at SEK 1,399 (1,137) million which were not reported in the financial statements.

SEK millions	Equipment, tools, fixtures and fittings	Total tangible fixed assets
Parent company		
Acquisition value, January 1, 2007	3	3
Acquisitions	7	7
Sales and disposals	-1	-1
Acquisition value, December 31, 2007	9	9
Acquisition value, January 1, 2008	9	9
Acquisitions	0	0
Sales and disposals	0	0
Acquisition value, December 31, 2008	9	9
Accumulated depreciation, January 1, 2007	2	2
Sales and disposals	-2	-2
Depreciation for the year	1	1
Accumulated depreciation, December 31, 2007	1	1
Accumulated depreciation, January 1, 2008	1	1
Sales and disposals	0	0
Depreciation for the year	2	2
Acquisition value, December 31, 2008	3	3
Residual value, December 31, 2007	8	8
Residual value, December 31, 2008	6	6

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Note 8

Financial assets, shares and participations in affiliated companies

SEK millions	Other shares and participations	Other long-term receivables	Total financial assets	Participations in affiliated companies
Group				
Book value at beginning of year	6	266	272	353
Increase through business combinations	-	-	-	-
Investments	-	78	78	-
Sales and amortization	-	0	0	-
Decrease through divestment of businesses	-	-249	-249	-
Shares in profit after tax	-	-	-	95
Reclassification	-	-	-	-
Dividend	-	-	-	-75
Translation differences	0	18	18	0
Book value at year-end	6	113	119	373

Other shares and participations consist primarily of unlisted holdings which do not have a listed market price and the fair value of which cannot be calculated in a reliable manner. These are valued at acquisition value.

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

	Shares in subsidiaries	Shares in affiliated companies	Other shares and participations	Total financial assets
Parent company				
Acquisition value, January 1, 2008	12,434	51	3	12,488
Investments	29,787	-	0	29,787
Sales and amortization	-5,476	-41	-	-5,517
Residual value according to plan, December 31, 2008	36,745	10	3	36,758

During the year the parent company formed a finance company in Belgium, SSAB Finance Belgium, primarily to satisfy the capital needs of the foreign subsidiaries. The investment amounts to USD 3,713 million, most of which took place through a non-cash issue in which the parent company's claim against SSAB North America was assigned to SSAB Finance Belgium. During the year, the parent company also sold the tubular business to an external party, as well as its investments in the affiliated companies, Norskt Stål A/S and Norskt Stål Tynnplater A/S, to Tibnor AB.

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Note 8 cont.

Financial assets, shares and participations in affiliated companies

Swedish operating subsidiaries:	Reg. no	Office	Number	% ²⁾	Book value, SEK millions
Parent company's shares and participations in subsidiaries					
Swedish operating subsidiaries:					
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
Svenskt Stål Domnarv AB	556207-4905	Stockholm	1,000	100	0
Foreign operating subsidiaries:					
SSAB Central Inc.		Canada	1,000	100	272
SSAB Swedish Steel Inc		USA	100	100	4,149
Western Steel Limited		Canada	682	100	182
SSAB Finance Belgium		Belgium	49,999,999	100	29,787
Other ¹⁾					105
Dormant companies					1
Total					36,745
Parent company's other shares and participations					
Tenant-owner rights					3
Total					3
Subsidiaries' other shares and participations ¹⁾					3
Total, Group's other shares and participations					6
Parent company's shares in affiliated companies					
Lulekraft AB	556195-0576	Luleå	100,000	50	10
Total, parent company's shares in affiliated companies					10
Subsidiaries' shares and participations in affiliated companies and joint ventures					Participation SEK millions
Oxelösunds Hamn AB	556207-4913	Oxelösund	5,000	50	71
Blastech Mobile LLC		USA		50	26
Norsk Stål A/S		Norway	31,750	50	214
Norsk Stål Tynnplater A/S		Norway	13,250	50	52
					363
Equity shares in affiliated companies and joint venture's equity in excess of the book value in the parent company.					0
Total; Group participations in affiliated companies and joint venture					373

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.

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Note 9
Inventories

	Group		Parent Company	
SEK millions	2008	2007	2008	2007
Raw materials, consumables and semi-finished goods	5,015	4,442	-	-
Work in progress	1,017	2,114	-	-
Stocks of finished goods	6,892	7,511	-	-
Advances to suppliers	-	5	-	-
Total	12,924	14,072	-	-

SEK 1,645 (603) million of the inventory value is valued at net realizable value. During the period, SEK 489 (47) million was reported as an expense relating to impairment of inventories. The share of inventories which is booked as an expense is included in the item "Cost of goods sold" and amounts to SEK 37,192 (28,204) million.

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Note 10
Prepaid expenses and accrued revenue

	Group		Parent Company	
SEK millions	2008	2007	2008	2007
Delivered, non-invoiced goods and services	33	42	-	-
Bonuses, discounts, licenses and similar	42	37	-	-
Prepaid rents	35	21	2	2
Prepaid insurance premiums	37	23	-	-
Accrued interest income	23	2	21	2
Currency derivatives reported in hedge accounting	290	-	290	-
Currency derivatives not reported in hedge accounting	70	-	70	-
Reappraisal, hedged orders	-	25	-	-
Freight support	7	7	-	-
Unsettled insurance indemnification	0	138	-	-
Other prepaid expenses	122	419	200	30
Total	659	714	583	34

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Note 11
Other current interest-bearing receivables/Cash and cash equivalents

	Group		Parent Company	
SEK millions	2008	2007	2008	2007
Funds on deposit	142	-	142	-
Total current interest-bearing receivables	142	-	142	-
Cash and cash equivalents				
Cash and bank balances	963	547	469	310
Short-term investments (term to maturity of less than three months)	1,750	1,160	1,750	1,160
Total cash and cash equivalents	2,713	1,707	2,219	1,470

All short-term investments and current interest-bearing receivables are valued at accrued acquisition value. Short-term investments with terms to maturity of less than three months consist of overnight deposits at banks.

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Note 12
Equity

The share capital is SEK 2,851 (2,851) million, divided into 323.9 (323.9) million shares, with a par value of SEK 8.80 (8.80) per share. 240.7 (240.7) million of the shares are Class A shares while 83.2 (83.2) million are Class B shares. Each Class A share entitles the

holder to one vote, while each Class B share entitles the holder to one-tenth of one vote. No shares are held in treasury by the Company or its subsidiaries.

Change in shares/share capital	2008		2007	
	Number of shares (millions)	Share capital, SEK millions	Number of shares (millions)	Share capital, SEK millions
Opening balance, January 1	323.9	2,851	259.1	2,280
New issue 1;4 ¹⁾	-	-	64.8	571
Closing balance, December 31	323.9	2,851	323.9	2,851

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 par value of SEK 8.80.

The average number of shares was 323.9 (296.9) million. Other contributed funds amount to SEK 9,944 (9,944) million and consist of funds paid in by the shareholders in connection with new issues, in excess of the nominal value of the shares. Exchange rate differences which arise upon the translation into Swedish kronor of the net investment in foreign subsidiaries are transferred to the translation reserve. The item also includes translation of long-term receivables

which are treated as part of the net investment, as well as tax on such receivables. Exchange rate differences in conjunction with the translation of loans or other financial instruments taken up in order to hedge the exchange rate of net assets in foreign subsidiaries are also transferred to the translation reserve. The accumulated translation differences amount to SEK 939 (150) million.

Changes in translation reserve	Group	
SEK millions	2008	2007
Opening balance, January 1	150	-49
Translation of foreign subsidiaries and affiliated companies	-200	-36
Translation of long-term receivables (part of net investment)	5,210	-
Tax on long-term receivables	-1,459	-
Hedging of net investment	-3,746	235
Tax on hedging of net investment	984	-
Closing balance, December 31	939	150

The proposed but as yet not resolved upon dividend for 2008 amounts to SEK 1,296 (1,620) million, equal to SEK 4.00 (5.00) per share. The amount has not been reported as a liability.

13 Note 13 Pensions

Within the Group there are both contribution-based and benefit-based pensions. In respect of contribution-based pensions and the pension plan for white collar staff in Sweden which is taken out with Alecta, the premiums relating to the period that has elapsed are reported as expenses for the year. The scope of benefit-based

pension plans in the Group has increased through the acquisition of IPSCO, but has been substantially reduced through the divestment of the tubular business. Actuarial profits and losses are reported in their entirety in the result.

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

	Group		Parent Company	
SEK millions	2008	2007	2008	2007
Funded pension obligations	36	1,801	-	-
Fair value of managed assets	-35	-1,803	-	-
Pension obligations less managed assets	1	-2	-	-
Unfunded pension obligations	250	385	5	6
Pension provisions	251	383	5	6

The total pension expenses are broken down as follows:

	Group		Parent Company	
SEK millions	2008	2007	2008	2007
Fees for contribution-based plans	185	366	6	7
Fees for pension insurance policies with Alecta ¹⁾	68	59	3	2
Pension expenses, benefit-based plans	93	193	0	0
Special employer's contributions	69	112	4	4
Other	1	0	0	0
Total pension expenses	416	730	13	13
Discontinued operations	34	0	-	-
Total, including discontinued operations	450	730	13	13

¹⁾ Alecta's surplus can be allocated to the policyholders and/or the insureds. At the end of 2008, Alecta's surplus in the form of the collective funding level amounted to 112 (152) %. The collective funding level consists of the market value of Alecta's assets as a percentage of insurance commitments calculated in accordance with Alecta's actuarial calculation assumptions, which do not concur with IAS 19.

Changes in benefit-based obligations during the year:

	Group		Parent Company	
SEK millions	2008	2007	2008	2007
Pension obligations, opening balance	2,185	156	6	6
Acquired operations	-	1,927	-	-
Divested operations	-1,859	-	-	-
Benefits earned during the year	39	73	0	1
Interest expenses	13	52	0	0
Paid benefits	-176	-88	-1	-1
Exchange rate differences	70	63	-	-
Actuarial losses (+)/profits (-) ¹⁾	13	2	0	0
Pension obligations, closing balance	285	2,185	5	6

Changes in the value of the managed assets during the year:

	Group		Parent Company	
SEK millions	2008	2007	2008	2007
Managed assets, opening balance	1,803	25	-	-
Acquired operations	-	1,735	-	-
Divested operations	-1,806	-	-	-
Return during the year	-1	50	-	-
Fees from employer	118	50	-	-
Disbursed benefits	-121	-51	-	-
Exchange rate differences	44	54	-	-
Actuarial losses (-)/profits (+) ¹⁾	-3	-60	-	-
Managed assets, closing balance	34	1,803	-	-

¹⁾ Of the actuarial losses, SEK 14 million constituted experience-based adjustments.

Actuarial calculation assumptions

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

%	2008	2007
Discount rate	3	4.5
Inflation	2	2
Anticipated increase in salaries	3	3
Personnel turnover	1	1
Increase in income-base amount	3	3
Return on managed assets	6	6

In SSAB North America, however, the discount rate has been 5.7%, the salary increase 3.7% and the return 6.5%.

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Note 14**Deferred tax liabilities and tax receivables**

Deferred tax liabilities and tax receivables	Group		Parent Company	
SEK millions	2008	2007	2008	2007
Deferred tax liabilities have arisen				
- through accelerated depreciation of fixed assets	5,533	8,080	-	-
- through transfers to tax allocation reserves	899	439	-	-
- through pension provisions	-41	0	-	-
- through other temporary differences	-112	-5	-	-
Total deferred tax liabilities	6,279	8,514	-	-
Deferred tax receivables have arisen				
- through non-utilized losses carried forward ¹⁾	6	220	-	-
- through pension provisions	43	130	1	1
- through fixed assets	5	124	-	-
- through provision, cost savings program ²⁾	131	-	-	-
- through other temporary differences	60	551	-	-
Total deferred tax receivables	245	1,025	1	1

¹⁾ Non-utilized losses carried forward in 2007 consisted primarily of tax credits regarding losses incurred in the Canadian part of SSAB North America. The losses carried forward were settled in connection with the divestment of the tubular business in 2008.

²⁾ Expected to be settled within twelve months.

Deferred tax on retained earnings in subsidiaries and affiliated companies is not taken into consideration. To the extent profits are transferred to the parent company, such a transfer is normally exempt from taxation. To the extent such a transfer is not exempt

from taxation, the parent company determines the date of such a transfer and such a transfer will not take place within the foreseeable future.

Changes in deferred tax liabilities	Group		Parent Company	
SEK millions	2008	2007	2008	2007
Opening balance	8,514	1,302	-	-
Adjustment of opening balance ¹⁾	1,025	-	-	-
Changes against earnings	-275	-196	-	-
Changes against equity	-	-	-	-
Increase through business combinations	-	7,559	-	-
Change through divestment of companies	-3,616	-	-	-
Translation difference	631	-151	-	-
Closing balance	6,279	8,514	-	-
Changes in deferred tax receivables				
Opening balance	1,025	70	1	1
Changes against earnings	-606	496	0	0
Changes against equity	-	-	-	-
Increase through business combinations	-	485	-	-
Change through divestment of companies	-177	-	-	-
Translation difference	3	-26	-	-
Closing balance	245	1 025	1	1

¹⁾ Adjustment of the opening balance has taken place based on the final valuation of net assets in the acquisition of IPSCO Inc.

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Note 15
Other provisions

Group	Cost savings program	Warranties, divestment of operations	Other provisions	Total
SEK millions				
Opening balance, January 1, 2008	-	-	99	99
Increase through business combinations	-	-	-	-
Decrease through discontinued operations	-	-	-52	-52
Additional provisions	498	224	22	744
Utilized during the year	-	-	-24	-24
Translation difference	-	-	4	4
Closing balance	498	224	49	771
			2008	2007
of which reported as:				
- Other long-term provisions			253	90
- Current provisions			518	10

"Other provisions" consist primarily of provisions for warranties, complaints as well as personnel-related provisions.

Parent company	Warranties, divestment of operations	Other provisions	Total
SEK millions			
Opening balance, January 1, 2008	-	7	7
Increase through business combinations	-	-	-
Decrease through discontinued operations	-	-	-
Additional provisions	224	18	242
Utilized during the year	-	-7	-7
Translation difference	-	-	-
Closing balance	224	18	242
		2008	2007
of which reported as:			
- Other long-term provisions		224	-
- Current provisions		18	7

"Other provisions" consist primarily of personnel-related provisions.

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Note 16
Interest-bearing liabilities

Long-term interest-bearing liabilities	Group		Parent Company	
SEK millions	2008	2007	2008	2007
Bonds (IPSCO)	-	252	-	-
Bonds ¹⁾	1,868	2,150	1,868	2,150
Financial leasing agreements	43	49	-	-
Bridge financing ²⁾	-	15,416	-	4,179
Utilized credit facilities ³⁾	5,778	-	5,778	-
Bank loans ⁴⁾	10,477	22,506	10,477	22,506
Other	4	33	0	-
Total	18,170	40,406	18,123	28,835
Less amortization 2008 and 2007	-106	-581	-100	-550
Total	18,064	39,825	18,023	28,285

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Note 16, cont.

Interest-bearing liabilities

Issued/matures	Interest rate (nominal) %	Outstanding, SEK millions			
SEK millions		Group		Parent Company	
		2008	2007	2008	2007
1) Specification of bonds					
Fixed interest 2001-2017	5.30 - 5.875	1,718	1,850	1,718	1,850
Variable interest 2002-2010	stibor +0.75	150	300	150	300
Total bonds		1,868	2,150	1,868	2,150
2) Specification of bridge financing					
Variable interest 2007-2008		-	15,416	-	4,179
Bridge financing		-	15,416	-	4,179
3) Specification of utilized credit facilities					
Variable interest 2008-2013	libor + 0.55	5,778	-	5,778	-
Total bridge financing		5,778	-	5,778	-
4) Specification of bank loans					
Variable interest 2007-2013	libor +0.35 - +0.62	10,477	22,506	10,477	22,506
Total bank loans		10,477	22,506	10,477	22,506

Repayment of long-term interest-bearing liabilities

SEK millions	2009	2010	2011	2012	2013	Later
As per December 31, 2008						
Group	106	157	6	6,635	9,636	1,630
Parent company	100	150	0	6,625	9,630	1,618

Repayment of long-term interest-bearing liabilities

SEK millions	2008	2009	2010	2011	2012	Later
As per December 31, 2007						
Group	581	13,147	4,408	6	20,887	1,377
Parent company	550	12,960	4,330	-	9,645	1,350

Current interest-bearing liabilities SEK millions	Group		Parent Company	
	2008	2007	2008	2007
Current part of long-term liabilities	106	581	100	550
Commercial paper	1,339	4,129	1,339	4,129
Overdraft facilities	195	288	43	191
Total current interest-bearing liabilities	1,640	4,998	1,482	4,870

Loan debts are valued at the accrued acquisition value. The outstanding portion of loans in foreign currency is used as hedging for the net investment in SSAB North America and thus has not been hedged.

As per December 31, 2008 there were no loans in which contractual provisions prescribed undertakings by the borrower (so-called covenants).

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

Amount falling due for interest rate renegotiation

SEK millions	2009	2010	2 011	2 012	2013	Later
As per December 31, 2008						
Group	16,356	154	-	-	-	1,660
Parent company	16,355	150	-	-	-	1,618
SEK millions	2008	2009	2,010	2,011	2012	Later
As per December 31, 2007						
Group	38,647	281	72	49	-	1,357
Parent company	27,385	100	-	-	-	-

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

17 Note 17

Accrued expenses and deferred revenue

	Group		Parent Company	
SEK millions	2008	2007	2008	2007
Accrued personnel expenses	1,175	1,567	17	10
Non-invoiced goods and services received	316	193	-	-
Accrued interest expenses	169	301	169	163
Accrued discounts, bonuses and complaints	71	59	-	-
Reappraisal, hedged orders	227	-	-	-
Currency derivatives reported in hedge accounting	12	-	12	-
Accrued expenses vis-à-vis affiliated companies	0	3	-	-
Energy taxes	22	12	-	-
Accrued insurance expenses	0	10	-	-
Other items	81	284	13	10
Total	2,073	2,429	211	183

18 Note 18

Net debt

	Group		Parent Company	
SEK millions	2008	2007	2008	2007
Cash and bank balances	963	547	469	310
Short-term investments	1,750	1,160	1,750	1,160
Receivables from subsidiaries	-	-	12,893	44,908
Other receivables	252	137	142	118
Interest-bearing assets	2,965	1,844	15,254	46,496
Current interest-bearing liabilities	1,640	4,998	1,482	4,870
Long-term interest-bearing liabilities	18,064	39,825	18,023	28,285
Pension provisions	251	382	5	6
Liabilities to subsidiaries	-	-	1,006	1,322
Other liabilities	2	282	-	280
Interest-bearing liabilities	19,957	45,487	20,516	34,763
Net debt	16,992	43,643	5,262	-11,733

Since the beginning of 2008, net debt is calculated in accordance with a new definition which, among other things, entails that current tax receivables and tax liabilities are no longer included in net debt. The comparison figures for 2007 have been adjusted. For definition, see Note 29.

19 Note 19

Average number of employees, gender breakdown and sick leave

	Number of employees		Women, %	
	2008	2007	2008	2007
Parent company				
Sweden	44	36	38	36
Total, parent company	44	36	38	36
Subsidiaries				
Sweden	7,289	7,240	18	18
Denmark	129	151	28	25
Finland	134	133	25	28
Italy	56	54	25	21
Canada	79	700	9	6
Norway	34	34	21	18
Poland	117	123	31	28
Great Britain	47	45	28	33

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Note 19, cont.

Average number of employees, gender breakdown and sick leave

	Number of employees		Women, %	
	2008	2007	2008	2007
Subsidiaries				
South Africa	75	99	21	15
Germany	36	40	39	44
USA	992	1,312	13	9
Other < 20 employees	140	152	20	42
Total, subsidiaries	9,128	10,083	18	15
Total, Group	9,172	10,119	18	15

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 numbers employed on December 31. Women accounted for 4 (4)% of the members of all boards of directors in the Group, while the figure for the Board of Directors of the parent company was 9 (9)%. The percentage of women in the management groups (including Presidents) in the Group was 11 (9)%.

The Group Executive Committee comprises seven men and two women.

The summary for 2008 is exclusive of the discontinued operations, but they are included in the 2007 figures.

	Group ¹⁾		Parent Company ²⁾	
	2008	2007	2008	2007
Personnel sick leave				
(% of ordinary work time)				
Total sick leave absence	4.2	5.2	1.0	0.5
- of which 60 days or more	47.6%	55.3%	0%	0%
Sick leave absence per group				
- women	5.8	8.3	1.4	0.7
- men	3.9	4.5	0.8	0.4
- age 29 and younger	3.5	3.4		
- aged 30-49	3.8	4.9		
- aged 50 and older	5.1	6.4		

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 45 (33) employees.

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Note 20
Leasing

	Group		Parent Company	
	2008	2007	2008	2007
Operational leasing				
SEK millions				
Minimum leasing charges during the year	98	116	8	7

The agreed minimum leasing charges relating to operational leasing agreements that cannot be terminated amount to SEK 79 million for 2009; a total of SEK 191 million for 2010-2013; and to SEK 125 million for the years after 2013. Operational leasing includes office equipment, leases for property, premises and rolling stock for transportation in the steel operations.

	Group		Parent Company	
	2008	2007	2008	2007
Financial leasing				
SEK millions				
Minimum leasing charges during the year	11	11	-	-

Agreed minimum leasing charges for 2009 amount to SEK 11 million; to a total of SEK 32 million for 2010-2013; and to SEK 29 million for the years after 2013. The present value of financial leasing liabilities is SEK 45 (49) million. Financial leasing includes a switchgear, rolling stock for transportation in the steel operations, as well as a number of fork lift trucks.

21 Note 21 Pledged assets

Pledged assets	Group		Parent Company	
SEK millions	2008	2007	2008	2007
Real property mortgages	39	39	-	-
Floating charges	10	19	-	-
Total pledged assets	49	58	-	-

22 Note 22 Contingent liabilities

Contingent liabilities	Group		Parent Company	
SEK millions	2008	2007	2008	2007
Guarantees	0	0	0	0
Contingent liabilities regarding subsidiaries' obligations	-	-	103	123
Other contingent liabilities	90	75	59	48
Total contingent liabilities	90	75	162	171

In 2005, IPSCO was involved in two legal proceedings which are still pending in the state of Alabama, USA. The opposing party (initially, approximately 300 plaintiffs) alleges, among other things, that emissions from the steel mill in Mobile, Alabama affect the environment and, as a consequence, is claiming an unspecified amount in damages. IPSCO – and, following the acquisition, SSAB – have denied the allegations and to date over 100 claims have been dismissed by the court, while 17 claims which were tried on the merits were adjudicated in SSAB's favor.

During the autumn of 2008, a number of class actions were brought in Illinois, USA against SSAB and several other steel producers alleging that they had violated US anti-trust legislation by colluding to restrict steel production in the United States during 2005 – 2008 with the aim of influencing steel prices. The opposing party consists of direct and indirect purchasers of relevant steel products who are claiming an unspecified amount in damages from the sued steel producers. SSAB will deny the allegations.

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

23 Note 23 Untaxed reserves and appropriations

Depreciation in excess of plan	Parent Company	
SEK millions	2008	2007
Tax allocation reserve 2007	3	2
Tax allocation reserve 2008	-	11
Total	654	-
Total	657	13

Appropriations	Parent Company	
SEK millions	2008	2007
Difference between booked depreciation and depreciation according to plan	1	2
Change in tax allocation reserve	643	11
Total	644	13

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Note 24

Business combinations

During the third quarter of 2008, a small business acquisition occurred, namely of the Romanian company, Plannja SRL. In 2007, IPSCO Inc. and Steinwalls Plåt AB were acquired.

Acquisition of IPSCO Inc

During the year, a final appraisal has been carried out regarding the assets and liabilities at the time of the acquisition of IPSCO Inc. on July 18, 2007. Adjustments to final fair value are presented in the tables below.

SEK millions	Note	Final fair value	Preliminary fair value	Acquired reporting value
Goodwill	6		0	4,195
Other intangible assets	6	17,044	11,112	4,462
Tangible fixed assets	7	12,282	13,961	8,974
Financial assets	8	341	341	341
Deferred tax receivables	14	485	485	485
Inventories	9	6,885	6,885	5,865
Other current receivables		3,659	3,626	3,626
Cash and cash equivalents		728	728	728
Deferred tax liabilities	14	-9,303	-7,551	-3,122
Pension provisions	13	-192	-192	-192
Other provisions	15	-242	-242	-242
Long-term liabilities	16	-5,160	-5,160	-5,160
Accounts payable		-1,964	-1,964	-1,964
Other current liabilities		-1,914	-1,914	-1,914
Total acquired net assets		22,649	20,115	16,082
Purchase price paid in cash, incl. acquisition costs				-50,516
Loans settled by SSAB in connection with the acquisition				-4,903
Cash and cash equivalents in acquired subsidiaries				728
Change in the Group's cash and cash equivalents in conjunction with acquisitions				-54,691

Final calculation of net assets and goodwill

SEK millions	Note	Final	Provisional
Purchase price			
- cash payment		50,250	50,250
- direct costs (direct costs in connection with the acquisition)		266	266
Total purchase price incl. acquisition costs		50,516	50,516
Fair value of acquired net assets		-22,649	-20,115
Goodwill	6	27,867	30,401

The acquisition of Plannja SRL

During the third quarter 2008, Plannja acquired 100% of the shares in the distribution company, Plannja SrL. The acquired company has many years' experience as a distributor on behalf of Plannja. The network of distributors is located throughout Romania and the main

products are Plannja's roofing tiles and rainwater goods. The purchase price, including acquisition costs, was SEK 10 million and the acquired net assets amounted to SEK 1 million, yielding a goodwill value of SEK 9 million. The impact on the Group's cash and cash equivalents is SEK -9 million.

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Note 25

Divestment of operations and companies

During the second quarter of 2008, SSAB North America's tubular business was sold for a purchase price of USD 4,038.5 million. The sale covered thirteen tubular mills, the steel mills in Regina and Kopel which supply the tubular business, as well as related scrap metal plants. The tubular business has approximately 3,250 employees.

The IPSCO brand, which is strongly associated with the tubular business, was included in the transaction. In 2007, five small property-owning companies in Tibnor were sold. A specification of divested operations is presented in the tables below:

Income statement, tubular business in SSAB North America

SEK millions	2008	2007
Sales	7,918	7,210
Operating expenses	-6,969	-7,356
Operating profit	949	-146
Financial items ¹⁾	-320	-703
Profit after financial items	629	-849
Tax ²⁾	-209	472
Profit after tax	420	-377
Profit upon valuation at fair value	-	-
Tax effect of lost losses carried forward ³⁾	-117	-
Total profit from the business	303	-377
Profit upon sale of discontinued operations	699	
Tax on sale of discontinued operations	-165	
Transaction expenses	-196	
Profit from hedging and translation differences	-151	
Total profit for discontinued operations	490	

¹⁾ In order to provide a fairer view of the profit of the continuing operations, an interest expense on a debt equal to the net purchase price received in the sale has been borne by the discontinued operations during the period of ownership.

²⁾ Tax for 2007 is positively affected by a reduced tax rate in Canada, entailing a reappraisal of deferred tax liabilities by SEK +147 million.

³⁾ Upon the divestment of the tubular business, losses carried forward could no longer be utilized, entailing a tax burden in connection with the sale.

Value of assets and liabilities divested in SSAB North America

SEK millions	Note	2008
Goodwill	6	8,094
Other intangible assets	6	9,171
Tangible fixed assets	7	5,764
Financial assets	14	177
Inventories		4,411
Accounts receivable		1,540
Other current financial receivables		0
Other current receivables		494
Cash and cash equivalents		0
Deferred tax liabilities and provisions	14	-3,616
Long-term interest-bearing liabilities		-400
Current interest-bearing liabilities		-120
Accounts payable		-1,238
Other current liabilities		0
Divested net assets		24,277
Capital gains		490
Reversal of hedging and translation differences not affecting cash		151
Received purchase price after transaction costs and tax		24,918
Cash and cash equivalents in divested companies		0
Net received payment and effect on the Group's cash and cash equivalents		24,918

Cash flow from divested tubular business in SSAB North America

SEK millions	2008	2007
Cash flow from operations	54	1,400
Cash flow from investing activities	-338	-710
Cash flow from financing activities	284	-690

During 2007, Tibnor G&G AB, AB John Sjödin Järn & Maskinaffär, Jacob Wennberg AB, Metallvaruhuset Sverige AB and FR KB Backa 23:5 KB were sold. These sales had a positive effect on liquidity in the amount of SEK 156 million.

26 Note 26 Segments

Sales and results per business area

	Total sales		Of which internal sales		Operating profit ⁵⁾		Profit after financial items ⁵⁾		Return on capital employed, % ⁶⁾	
SEK millions	2008	2007	2008	2007	2008	2007	2008	2007	2008	2007
Business area:										
SSAB Strip Products	17,981	16,918	3,871	3,545	3,324	3,472	3,293	3,350	39	44
SSAB Plate	13,237	11,295	2,477	3,003	3,154	2,676	2,937	2,576	40	41
SSAB North America ¹⁾	16,745	6,107	290	34	2,951	1,383	2,325	702	10 (33)	8 (20)
Tibnor	10,562	10,413	105	150	634	877	619	877	31	46
Other	2,171	2,639	2	49	68	126	165	119	-	-
Parent company:										
Parent company ²⁾	-	-	-	-	2,232	-128	2,823	-74		
Affiliated companies ³⁾	-	-	-	-	84	87	84	87		
Provision, cost savings program ⁴⁾					-498	-	-498	-		
Provision, SSAB North America's surplus values in inventory ⁷⁾					0	-570	-	-570		
Group adjustments	-6,367	-6,931	-6,745	-6,781	-2,433	-	-2,795	-103		
Total, continuing operations	54,329	40,441	0	0	9,516	7,923	8,953	6,964	17	18
Discontinued operations	7,918	7,210			949	-146	629	-849		
Total	62,247	47,651			10,465	7,777	9,582	6,115		

¹⁾ SSAB North America's operating profit has been affected by SEK 745 (449) million in amortization on allocated surplus values on intangible and tangible fixed assets.

²⁾ Excluding dividends from subsidiaries and affiliated companies. The results in the parent company consist primarily of administrative expenses and financial items and, for 2008, a net effect of sales of subsidiaries in an amount of SEK 2,179 million.

³⁾ Relates to participations owned by the parent company in the affiliated company, Lulekraft, as well as participations owned by Tibnor in Norsk Stål and Norsk Stål Tynnplater, which were partially in the ownership of the parent company during 2008.

⁴⁾ The provision is reported here as a joint item for the entire group. The preliminary allocation between the business areas is SEK 200 million (SSAB Strip Products); SEK 125 million (SSAB Plate); SEK 0 million, (SSAB North America); SEK 34 million, (Tibnor); SEK 62 million (Other); as well as an unallocated portion of SEK 77 million.

⁵⁾ Operating profit and profit after financial items include shares in the results of affiliated companies in the amount of SEK 10 (10) million for SSAB Plate, SEK 14 (3) million for SSAB North America, and SEK -14 (0) million for Tibnor.

⁶⁾ The return on capital employed excluding surplus values from the acquisition is stated in brackets. In 2007, the return on capital employed for SSAB North America was calculated by converting the outcome for the ownership period of 5.5 months to an annual figure and comparing this with capital employed in July – December. The return on capital employed is otherwise calculated as a result for the most recent twelve months in relation to the average capital employed for the most recent twelve months.

⁷⁾ The entire surplus value on SSAB North America's inventory has been dissolved and was borne by earnings in 2007.

Balance sheet and cash flow information per business area

	Assets		Liabilities		Depreciation		Investments ¹⁾		Operating cash flow	
SEK millions	2008	2007	2008	2007	2008	2007	2008	2007	2008	2007
Business area										
SSAB Strip Products	13,555	12,155	7,770	6,356	579	531	1,127	655	2,692	2,541
SSAB Plate	11,620	9,395	7,262	5,434	366	371	659	1,146	1,818	2,210
SSAB North America	38,930	61,884	31,793	51,048	1,121	614	676	811	4,139	1,840
Tubular business (to date of divestment)									-160	692
Tibnor	3,631	3,094	2,303	1,568	58	56	132	145	677	510
Others ¹⁾	29,750	1,069	1,016	800	38	37	51	53	53	-15
Parent company:										
Parent company	53,001	59,094	22,597	34,990	2	1	-	7	-134	-47
Group adjustments	-81,232	-55,986	-38,679	-38,636	-	-	-48	-	-	-50
Total	69,255	90,705	34,062	61,560	2,164	1,610	2,597	2,817	9,085	7,681

¹⁾ The increase in assets relates primarily to the newly started company, SSAB Finance Belgium.

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Note 26 cont.
Segments**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. The manufacture of the Group's steel products has taken place almost exclusively in Sweden and the United States. Thus, investments other than in those countries have been small.

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

SEK millions	2008	%	2007	%
Sweden	13,518	25	12,485	31
EU-27 (excl. Sweden)	16,187	30	15,818	39
Rest of Europe	2,051	4	1,742	4
North America	19,171	35	7,839	20
Asia	2,154	4	1,710	4
Rest of the world	1,248	2	847	2
Continuing operations	54,329	100	40,441	100
Discontinued operations	7,918		7,210	
Total	62,247		47,651	

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			
	2008	%	2007	%	2008	%	2007	%
Sweden	28,999	40	32,752	36	1,845	71	1,826	65
EU-27 (excl. Sweden)	1,948	3	2,406	3	54	2	121	4
Rest of Europe	179	0	128	0	7	0	1	0
North America	37,276	55	54,955	61	680	27	819	29
Asia	420	1	280	0	5	0	49	2
Rest of the world	433	1	184	0	6	0	1	0
Total	69,255	100	90,705	100	2,597	100	2,817	100

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Note 27

Financial risk management

Financial risk management is governed by the Group's finance policy. Most financial transactions take place through the parent company's finance function.

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 sale of the tubular business, a large portion of the previous year's acquisition financing has been repaid. At year-end, long-term borrowing amounted to SEK 18,064 (39,272) million, financed primarily through 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 note programs at BBB. At year-end, long-term borrowing within the EMTN program amounted to SEK 1,618 (1,350) million, borrowing within the MTN program amounted to SEK 250 (800) million, and borrowing within the commercial paper program amounted to SEK 1,339 (4,129) 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 cash and cash equivalents, should exceed 10% of the Group's sales. The liquidity buffer consists primarily of a back-up facility of USD 1,500 million. During the autumn, one-half of the back-up facility was utilized to ensure the Group's liquidity in the prevailing financial crisis. It was used mainly to replace maturing loans, while the surplus of SEK 1,750 million at year-end was placed on short-term deposits at approved banks. The Group's liquidity preparedness, consisting of cash and cash equivalents, short-term investments and non-utilized binding credit facilities amounted at year-end to SEK 9,770 (10,571) million, equal to 18 (22)% of sales.

To the extent surplus liquidity arises, it is used first and foremost to repay loans. If that is not possible, the funds are invested in government securities or deposited with approved banks.

The debt payment capacity (measured as profit before tax with reversal of depreciation and amortization on tangible and intangible assets, deduction of profit from shares in affiliated companies and non-recurring items, as well as deduction for tax payments, as percentage of the net debt) amounted to 50 (15) %.

The total loan debt at year-end was SEK 19,704 (44,823) million, with an average term to maturity of 4.1 (3.4) years. The maturity 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, 2008

SEK millions	Book value	Contractual cash flow	2009	2010	2011	2012	2013	Later
MTN-program	250	265	110	155	-	-	-	-
EMTN-program	1,618	2,459	97	97	97	97	97	1,974
Credit facility	5,778	7,223	289	289	289	289	6,067	-
Bilateral bank loans	10,477	12,157	420	420	420	6,891	4,006	-
Commercial paper	1,339	1,368	1,368	-	-	-	-	-
Other	242	250	210	6	6	10	6	12
Total	19,704	23,722	2,494	967	812	7,287	10,176	1,986

Accounts payable and other current liabilities are due and payable within one year. Interest flows are calculated based on interest rates and exchange rates at year-end. Derivative instruments are not included.

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Note 27, cont.

Financial risk management

Market risks

Market risks are the risks 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 in the total debt portfolio should be approx. 1 year, but is permitted to vary between 0.5 and 2.5 years. The fixed rate term on the borrowing may be varied through the use of interest rate swaps.

At the end of the year, the total loan debt, SEK 19,704 (44,823) million, had an average fixed rate term of 0.8 (0.4) years. Given the same loan debt, short-term investments, cash and cash equivalents and the same fixed rate terms as at the end of the year, a change in market interest rates of 100 points (1 percentage point), excluding any interest hedging, would change interest expenses by approximately SEK 180 (420) million. Loans which are subject to rate renegotiation in the coming years are shown in Note 16.

The Group's interest-bearing assets amounted to SEK 2,965 (1,884) million and consisted almost exclusively of cash equivalents at variable rates of interest.

Upon the closing of the annual accounts, there were no outstanding interest rate swaps.

Currency risks

The Group's currency risks are managed by the parent company. SSAB's currency exposure largely relates to the translation risk regarding net assets of foreign subsidiaries and divisions. This exposure is hedged through foreign currency borrowing, so-called Equity Hedge. Exceptions are made in the case of small amounts, e.g. for equity in foreign sales companies. With the sale of the tubular

business, the currency risk regarding the net investment in foreign operations declined, whereupon the Board decided to change the objective with respect to this Equity Hedge. From having minimized the translation effect on equity, the objective now is to minimize the translation effect on the net debt/equity ratio. The Swedish krona is the base currency.

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 major investments decided upon in foreign currency.

The Group had a net outflow of USD and net inflow of other currencies. The net foreign currency inflow in 2008 was SEK 5,580 (5,500) million. The Group's most important currency flows are shown in the diagram on page 19.

Based on revenues and expenses in foreign currency in 2008, a five percentage point devaluation of the Swedish krona against other currencies, excluding hedging, would have an annual effect on earnings of just over SEK +280 (+300) 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 420 (400) million with respect to USD and a positive impact of just over SEK 410 (350) million with respect to EUR. The negative effect vis-à-vis USD consists of an increased cost for the Group's purchases of the raw materials, coal, iron ore and scrap metal of approximately SEK 730 (550) million, a positive effect on the Group's net flows of USD in other respects of approximately SEK 350 (250) million, and a negative impact as regards increased interest payments of just over SEK 40 (100) million. The positive effect vis-à-vis EUR derives from the operations' net flows.

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Note 27, cont.

Financial risk management

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

Breakdown per currency	Group		Parent Company	
SEK millions	2008	2007	2008	2007
SEK	1,894	2,325	31	145
USD	1,789	2,330	273	-
CAD	232	1,159	-	-
EUR	2,109	2,061	98	-
Other currencies	910	975	-	-
Total	6,934	8,850	402	145
of which:				
Accounts receivable	5,921	8,268	11	-
Other current receivables ¹⁾	653	582	31	145
Derivative instruments ²⁾	360	-	360	-
Total	6,934	8,850	402	145

¹⁾ "Other current receivables" includes derivative instruments in the amount of SEK 0 (117) million, while the remainder consists of amounts which do not constitute financial instruments.

²⁾ "Prepaid expenses and accrued revenue" includes derivative instruments in the amount of SEK 360 (0) 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, other current liabilities and derivative instruments was as follows:

Breakdown per currency	Group		Parent Company	
SEK millions	2008	2007	2008	2007
SEK	1,835	2,015	57	307
USD	1,513	1,876	12	-
CAD	76	766	-	-
EUR	546	478	0	-
Other currencies	158	137	0	-
Total	4,128	5,272	69	307
of which:				
Accounts payable	3,831	4,740	31	25
Other current liabilities ¹⁾	285	532	26	282
Derivative instruments ²⁾	12	-	12	-
Total	4,128	5,272	69	307

¹⁾ "Other current liabilities" includes derivative instruments in an amount of SEK 0 (279) million, while the remainder consists of amounts which do not constitute financial instruments.

²⁾ "Accrued expenses and deferred revenue" includes derivative instruments in the amount of SEK 12 (0) million, while the remainder consists of amounts which do not constitute financial instruments.

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

	Group		Parent Company	
SEK millions	2008	2007	2008	2007
SEK	1,680	5,048	1,632	4,930
USD	17,874	39,675	17,873	28,222
CAD	-	89	-	3
Other currencies	150	11	-	0
Total	19,704	44,823	19,505	33,155

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Note 27 cont.

Financial risk management

As shown above, the Group's borrowing in foreign currency is largely in USD. Of the original borrowing regarding the acquisition of IPSCO, USD 2,320 (8,333) million remains.

Borrowing in USD has not been hedged since exchange rate differences on loans are offset by exchange rate differences on the net investment in SSAB North America and the net investment in a newly-formed Belgian finance company (SSAB Finance Belgium), which has taken over the internal financing of SSAB North America. The net investment in SSAB North America and SSAB Finance Belgium amounted to USD 4,314 million.

The objective is to further replace USD loans with SEK loans in order to obtain an even balance in which the currency effect on the net investment in SSAB North America and SSAB Finance Belgium impact on the Group's net debt/equity ratio as little as possible.

At year-end, this net investment amounted to USD 4,314 million. Of this, USD 2,289 million is reported in hedge accounting. At year-end, the exchange rate profit on the part of loans identified as hedge instruments for hedge accounting against equity was SEK -3,511 (235) million. During the year, an inefficiency of SEK -138 million was identified and has been reported in its entirety in the result.

Credit risk

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 the relevant counterparty. The lowest acceptable ratings are A- from Standard and Poor's or A3 from Moody's.

The financial crisis has increased the credit risk in the financial system. During the year, the total currency and investment limit amounted to SEK 1,500 (2,000) million, which may not be exceeded for any individual counterparty.

The total counterparty risk in derivative instruments at year-end was SEK 328 (1,001) million. The remainder of the counterparty risk primarily comprised cash and cash equivalents, as set forth in Note 11.

In addition to the above, there are credit risks associated with accounts receivable, which are managed in each subsidiary. Prior to impairment for bad debts, these receivables had a gross value of SEK 6,660 (8,879) 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 non-impaired Accounts Receivable and Other Receivables

	Group		Parent Company	
SEK millions	2008	2007	2008	2007
Not due	4,778	6,098	31	145
0-30 days	1,317	1,938	11	-
31-120 days	420	776	-	-
121-365 days	53	24	-	-
> 365 days	6	14	-	-
Total	6,574	8,850	42	145
Bad debts, change				
Opening balance	-29	-23	-	-
Increase through business combinations	-	-14	-	-
Anticipated bad debt losses	-53	1	-	-
Established bad debt losses	5	8	-	-
Reversed non-utilized amount	-	0	-	-
Translation differences	-9	-1	-	-
Closing balance	-86	-29	-	-

No other financial instruments have been impaired.

Emission rights

The parent company's treasury department is responsible for managing any emission rights deficits or surpluses. This takes place through external trading with approved counterparties.

Valuation of financial instruments

Currency derivatives and interest rate swaps

According to the financing policy, currency hedging takes place mainly to minimize the translation risk associated with the impact of changes in exchange rates on the net debt/equity ratio. The translation exposure is hedged primarily through loans in the same currency, in the absence of which currency derivatives may be used instead.

During the year, only the investment in SSAB North America 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

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Note 27 cont.

Financial risk management

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 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 year-end, purchase and sales orders for which currency futures had been executed had a total value of SEK 2.4 (2.5) billion. Currency futures had an average outstanding term until expiry of 5.9 (7.4) months. At the end of the year, derivative instruments for "fair value hedging" had a booked fair value of SEK +278 (-24) million,

while purchase orders reported in hedge accounting were booked at SEK -278 (+24) million, entailing that there was no inefficiency at the closing of the accounts.

Derivative instruments which are not reported in hedge accounting are valued at fair value over the income statement. At year-end, net non-realized derivative instruments amounted to SEK 70 (-15) million, of which SEK 50 (0) million were reported in "Other operating revenue" and SEK 20 million in "Financial items". The net result from realized derivatives amounted during the year to SEK -13 million, which was reported in its entirety in "Financial items". At present, cash flow hedging or "fair value hedging" of loans is not applied.

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.

	2008		2007	
SEK millions	Reported value	Fair value	Reported value	Fair value
Financial assets				
3. Financial fixed assets	119	119	272	272
1. Currency derivatives not subject to hedge accounting ¹⁾	70	70	9	9
6. Currency derivatives for "fair value hedging" of flows ¹⁾	290	290	6	6
6. Currency derivatives for hedging of net investment ¹⁾	-	-	102	102
6. Interest rate swaps for "fair value hedging" ¹⁾	-	-	0	0
3. Accounts receivable	5,921	5,921	8,268	8,268
3. Other current interest-bearing receivables	142	142	-	-
3. Cash and cash equivalents	2,713	2,713	1,707	1,707
Financial liabilities				
5. Long-term interest-bearing liabilities	18,064	18,507	39,825	40,474
5. Current interest-bearing liabilities	1,640	1,640	4,998	4,997
1. Currency derivatives not subject to hedge accounting ¹⁾	-	-	-24	-24
6. Currency derivatives for "fair value hedging" of flows ¹⁾	12	12	-30	-30
6. Currency derivatives for hedging of net investment ¹⁾	-	-	-225	-225
5. Accounts payable	3,831	3,831	4,740	4,740

¹⁾ For 2008, derivative instruments are included in the balance sheet item "Accrued revenue and prepaid expenses" and "Accrued expenses and deferred revenue". The remaining prepaid expenses and accrued revenue or accrued expenses and deferred revenue are non-financial instruments. For 2007, derivative instruments were included in "Other current receivables" or "Other current 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 accrued acquisition value.
- Derivative instrument for hedging.

Cash and cash equivalents 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 of less than 3 months and consist entirely of receivables vis-à-vis the tax authorities in Canada.

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 2008, net exchange rate differences were booked in the amount of SEK +426 (+50) million in the operating profit and SEK +81 (+113) million in financial items.

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 sale of the tubular business, the net debt/equity ratio was reduced from 148% to 42% at the end of the half year. During the second half of the year, the strengthening of the USD against the SEK had a negative impact on the net debt/equity ratio, which thus at year-end amounted to 48%.

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Note 28

Critical estimations and assessments

Important assessments upon application of the accounting principles

In the steel operations' industrial areas, there is a need for future land clean up. In accordance with applicable rules, such clean up will become relevant only when SSAB ceases to conduct operations in the area. At present, it is not possible to assess if and when operations will cease and, accordingly, no provision has been made for such land clean up.

Important sources of uncertainty in estimations*Test of impairment of goodwill*

On November 30, 2008, the first impairment test was carried out of the goodwill which arose in conjunction with the acquisition of IPSCO. The test showed no impairment (see Note 6). The valuation was carried out in connection with the initial impact of the global financial turbulence on the steel industry. Under these circumstances, it is naturally extremely difficult to make an assessment regarding future earnings and thereby an assessment of the fair value of goodwill.

Had the budgeted margin used in the calculation been 10 percentage points lower than the assessment made in the calculation, an impairment of goodwill of approximately SEK 8 billion would have arisen.

Had the estimated discount rate before tax which was applied for the discounted cash flows been 3 percentage points higher than the assessment made in the calculation, the useful value of the goodwill would correspond to the book value.

Pension benefits

A large part of the Group's pension obligations with respect to white collar staff are benefit based and insured on a collective basis with Alecta. Since it is not possible at present to obtain information from Alecta regarding the Group's share of the obligations and managed assets, the pension plan taken out with Alecta is reported as a 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.

Accounts receivable

Provision for bad debts is based on assessments of the customers' payment ability and, in the prevailing financial crisis, is extremely difficult to estimate. The item has been the subject of special assessment and, compared with the preceding year, the provision for bad debts has increased by SEK 57 million to SEK 86 (29) million, thereby representing 1.3 (0.3)% of outstanding accounts receivable.

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Note 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.

Cash and cash equivalents

Cash and bank balances, as well as short-term investments with a term to maturity of less than three months on the date of acquisition.

Net debt

Interest-bearing liabilities less interest-bearing assets.
(Commencing 2008, no longer includes current interest-bearing tax receivables/liabilities)

Return on equity after tax

Profit for the year after tax as a percentage of average equity per month during the year.

Return on capital employed before tax

Operating profit before participations in affiliated companies increased by financial revenue as a percentage of average capital employed per month 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 operations including change in working capital as well as cash flow regarding regular maintenance investments, but before financial items and paid tax.

Cash flow from current operations

Operational cash flow less financial items and paid tax.

Earnings per share

Profit for the year attributable to the parent company's shareholders divided by the average number of shares.

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.

Yield

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

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Note 30

Considerations relating to proposed allocation of profit

At the 2009 Annual General Meeting, the shareholders shall, among other things, take a decision as regards the dividend proposed by the Board of Directors.

During 2008, SSAB's net debt/equity ratio decreased through the sale of the tubular business in North America. At the end of the year, the net debt was SEK 16,992 (43,643) million, entailing a net debt/equity ratio of 48 (150) percent. The Group's long-term target over a business cycle is 30 percent. The average term to maturity on the loan portfolio at the end of the year was 4.1 years, and no major loans will mature during the coming three years. The Group's retained earnings amounted to SEK 21,260 million and the parent company's unrestricted funds to SEK 26,650 million. Equity includes unrealized profits amounting to approximately SEK 50 million resulting from financial instruments being reported at market value. Since the end of the year, nothing material has occurred which has had a negative impact on the Group's financial position.

According to SSAB's financial targets, dividends over a business cycle shall comprise approximately 50 percent of profit after tax. In

recent years, SSAB has met this target if the redemption program carried out by the Company is also taken into account. In proposing the dividend, the Board of Directors has weighed the record profit generated in 2008 against the current uncertainty on the market. Against this background, the Board has decided to propose to the Annual General Meeting that the dividend be reduced by SEK 1 per share and thus that a dividend be paid of SEK 4.00 (5.00) per share, equal to SEK 1,296 (1,620) million. The dividend will thereupon constitute 19 (36) percent of the profit for the year attributable to the parent company's shareholders and, measured at the turn of the year, increase the net debt/equity ratio to 54 percent.

The Board believes that the proposed distribution of profit to the shareholder is defensible with respect to both the Company and the Group, taking into consideration the demands placed by the nature, scope and risks associated with the operations regarding the size of equity and also taking into account the need to consolidate the balance sheet, financing, liquidity and financial position in general.

Proposed allocation of profit

The amount at the disposal of the Annual General Meeting is as follows

Retained earnings	19,706
Profit for the year	6,944
SEK millions	26,650

Of this, a share premium reserve comprises SEK 9,391 million and a fair value reserve comprises SEK 1,223 million.

The Board of Directors and President recommend that the profit be allocated as follows:

Dividend to the shareholders	
SEK 4.00 per share	1,296
Carried forward to next year	25,354
SEK millions	26,650

According to the consolidated balance sheet, the Group's retained earnings amounted to SEK 21,260 (15,945) million.

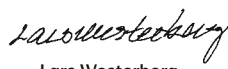
The Board of Directors and the President hereby affirm that the consolidated financial statements have been prepared in accordance with international accounting standards, IFRS, as adopted by the EU and provide a true and fair view of the Group's financial position and earnings. The Annual Report has been prepared in accordance with generally accepted accounting principles and provides a fair and true view of the parent company's financial position and earnings. The report of the directors for the Group and the parent company provides a true and fair overview of the 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 10, 2009


Sverker Martin-Löf
Chairman


Anders G Carlberg
Director


Marianne Nivert
Director


Lars Westerberg
Director

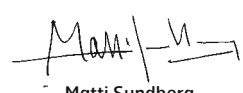

Carl Bennet
Director

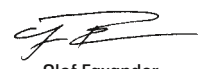

Bo Jerräng
Director


Anders Nyrén
Director

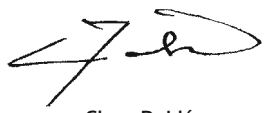

Sture Bergvall
Director


Bert Johansson
Director


Matti Sundberg
Director


Olof Faxander
President and CEO

Our auditor's report was submitted on February 16, 2009
PricewaterhouseCoopers AB


Claes Dahlén
Authorized public accountant

Auditor's report

To the annual general meeting of SSAB Svenskt Stål Aktiebolag (publ) Reg. no. 556016-3429.

We have audited the annual report, consolidated financial statements, accounting records and the management by the Board of Directors and President of SSAB Svenskt Stål AB (publ) for 2008. The Company's annual report and consolidated financial statements are included in the printed version of this document, on pages 13-100. The Board of Directors and President are responsible for the accounting documents and management and for ensuring that the annual report is prepared in accordance with the Swedish Annual Reports Act and that the international accounting standards, IFRS, as adopted by the EU, are applied in conjunction with the preparation of the consolidated financial statements. Our responsibility is to express an opinion on the annual report, the consolidated financial statements and management based on our audit.

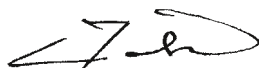
The audit has been conducted in accordance with Generally Accepted Auditing Standards in Sweden. This entails that we have planned and performed the audit in order to ensure with a high degree of certainty, however not absolutely, that the annual report and consolidated financial statements contain no material errors. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the accounting documents. An audit also includes assessing the accounting principles used and their application by the Board of Directors and the President, as well as evaluating the significant estimations made by the Board of Directors and President in the preparation of the annual report and the consolidated financial statements and an assessment of the information compiled in the annual report and consolidated financial statements. As a basis for our opinion concerning

discharge from liability, we have examined significant decisions, actions taken, and circumstances in the Company in order to be able to determine the liability to the Company, if any, of any director or the President. We have also examined whether any director or the President has otherwise acted in contravention of the Companies Act, the Annual Reports Act, or the bylaws. We believe that our audit provides a reasonable basis for our opinions set out below.

The annual report has been prepared in accordance with the Annual Reports Act and provides a true and fair view of the results and financial position of the Company in accordance with Generally Accepted Accounting Principles in Sweden. The consolidated financial statements have been prepared in accordance with the international accounting standards, IFRS, as adopted by the EU and in accordance with the Annual Reports Act and provide a true and fair view of the results and financial position of the Group. The Report of the Directors is compatible with other parts of the annual report and the consolidated financial statements.

We recommend that the annual general meeting adopt the income statements and balance sheets for the parent company and the Group, allocate the profit of the parent company in accordance with the proposal set forth in the Report of the Directors, and grant the directors and President discharge from liability for the financial year.

Stockholm, February 16, 2009
PricewaterhouseCoopers AB



Claes Dahlén
Authorized public accountant

Corporate governance report 2008

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Corporate governance report 2008

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

Application and deviations

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, SSAB Strip Products, SSAB Plate and SSAB North America, while trading and processing operations consist of the subsidiaries Tibnor and Plannja.

SSAB is listed on Nasdaq OMX Stockholm and complies with its rules and regulations and thereby applies the Swedish Code on Corporate Governance (the "Corporate Code"). SSAB has no deviations from the Corporate Code to report with respect to 2008.

The corporate governance report for 2008 does not constitute a part of the formal annual report documents

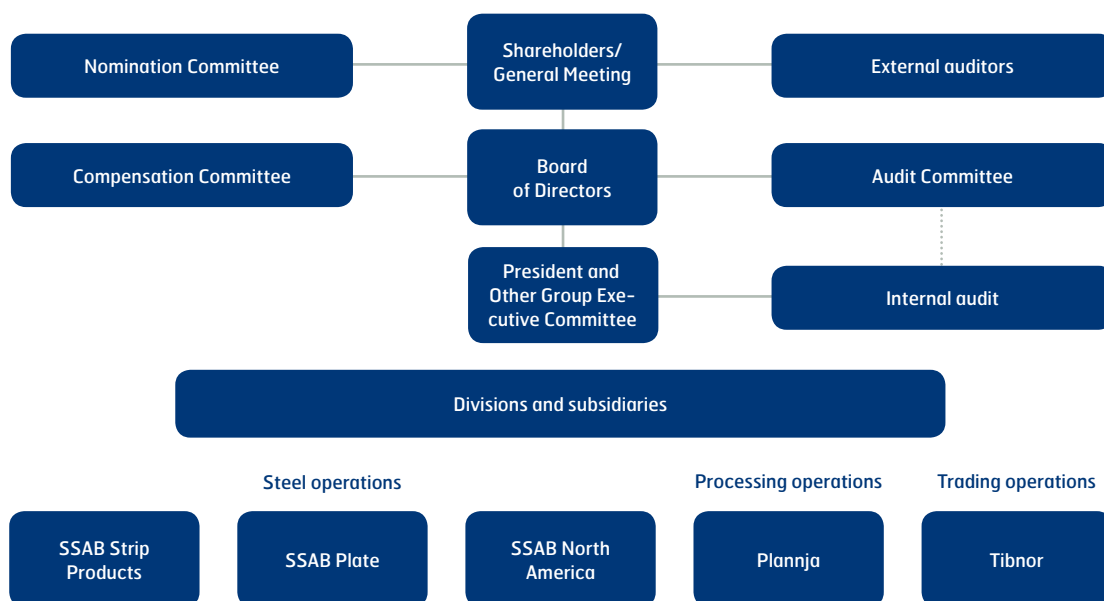
and has not been reviewed by the Company's auditors.

The picture below illustrates SSAB's corporate governance model and how the central bodies operate.

Shareholders

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 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, 2008 there were 62,463 shareholders. In terms of votes, Industrivärden was the largest shareholder, followed by Swedbank Robur Fonder, AMF Pension and LKAB. 68 percent of the shareholders held 1,000 shares or fewer, while the ten largest institutional owners together owned just



Important external and internal regulations and policies that affect corporate governance.

Important internal regulations and policies

- By-laws
- The Rules of Procedure for the Board of Directors with instructions for the President
- Instructions for Board committees
- Financial Guidelines (including finance policy)
- Code of Business Ethics

Significant external rules and regulations

- Swedish Companies Act
- Swedish Accounting Act
- Swedish Annual Reports Act
- Nasdaq OMX Stockholm's Rules and Regulations
- Swedish Code on Corporate Governance

over 38 percent of the total share capital. Foreign owners accounted for 21 (31) percent of shareholdings. For further information regarding the ownership structure, see page 47.

Owners as per December 31, 2008

Owner	% of votes	% of shares	Number of shares
Industrivärden	21.2	16.3	52,911,440
Swedbank Robur Fonder	6.3	4.9	9,240,153
AMF Pension	4.2	5.4	13,472,434
LKAB	3.8	5.0	12,344,064
SEB Investment Management	1.6	1.4	5,284,413
Handelsbanken fonder incl. XACT	1.3	1.5	4,252,775
Folksam – KPA – Förenade Liv	1.3	1.4	4,046,793
Andra AP-fonden	1.2	1.4	3,999,357
Other shareholders	64.0	57.8	218,383,346
Total	100.0	100.0	323,934,775

Source: VPC

General Meeting

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

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

2008 Annual General Meeting

The 2008 Annual General Meeting adopted the Annual Report and consolidated financial statements for 2007 presented by the Board and the President, decided on the allocation of the Company's profit, and granted the directors and the President discharge from liability.

In addition, the Chairman of the Nomination Committee described the work during the year and described the reasons for the presented proposals. The General Meeting decided on compensation to the Board and auditors in

accordance with the Nomination Committee's proposals. 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 as directors.

The General Meeting decided that the dividend would be SEK 5.00 per share. All directors and the auditor-in-charge were present at the Annual General Meeting. See the minutes of the General Meeting on www.ssab.com

Extraordinary General Meeting 2008

In September 2008, the Board of SSAB gave the shareholders notice to attend an Extraordinary General Meeting to be held on October 22 to resolve upon authorization for the Board to decide on a buy-back of the Company's shares.

The background to the proposal was that SSAB's balance sheet had been restored to a sound level following the sale in 2008 of the North American tubular business, IPSCO Tubulars, and the strong operating cash flow following the acquisition in 2007 of the North American steel company, IPSCO Inc (currently SSAB North America). However, the dramatic development on the global financial markets after the proposal had been announced led to a significant increase in instability and uncertainty on the money and credit markets. In light thereof, on October 19 the Board decided to postpone the proposal and thus cancelled the Extraordinary General Meeting.

Nomination Committee

THE NOMINATION COMMITTEE'S DUTIES

The Nomination Committee's duties include presenting proposals to the Annual General Meeting regarding:

- Chairman of the Board
- Directors
- Auditors, where appropriate
- Chairman of the Annual General Meeting
- Fees to the Board
- Fees to the auditors

COMPOSITION OF THE NOMINATION COMMITTEE

The 2008 Annual General Meeting adopted a procedure which primarily entailed that the Chairman of the Board was charged with requesting not less than three and not more than five of the major shareholders in terms of votes to each appoint one member 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 shall be the representative of the largest shareholder.

The composition of the Nomination Committee was announced on September 24, 2008.

Nomination Committee for the 2009 Annual General Meeting	
Appointed by, name	Share in % of voting capital
Industrivärden, represented by Carl-Olof By, Chairman	21.2
AMF Pension, represented by Peder Hasslev	5.4
Swedbank Robur Fonder, represented by Mats Lagerqvist	4.9
LKAB, represented by Ola Johnsson	5.0
Sverker Martin-Löf, Chairman of the Board	

Until December 31, 2008 shareholders were able to submit proposals to the Nomination Committee, among other things by e-mail to the address: valberedningen@ssab.com. The Nomination Committee's proposals are published not later than in connection with the notice to attend the Annual General Meeting. In connection with issuance of the notice to attend the Annual General Meeting, the Nomination Committee will provide a detailed statement regarding its proposal for a Board, on www.ssab.com.

THE NOMINATION COMMITTEE'S WORK PENDING THE 2009 ANNUAL GENERAL MEETING

Since being appointed in the autumn of 2008, the Nomination Committee has held four meetings at which all members were present, apart from the absence of one member from one meeting.

The Chairman of the Board has described to the Nomination Committee the process applied in the Company in conjunction with the annual evaluation of the Board of Directors and the President as well as the result of the evaluation. In addition, the Chairman of the Nomination Committee has informed the Nomination Committee of the result of the evaluation of the Chairman of the Board. At one of its meetings, the Nomination Committee also met the Company's President, who informed the members about the Company's operations and strategy.

The Nomination Committee has discussed the composition of the Board and agreed on the main demands which should be imposed on the directors, including the demand for independent directors. The Nomination Committee has also had access to an external consultant in the work of identifying and evaluating potential new directors.

The Nomination Committee has produced proposals for fees for the Board and its committees, among other things taking into consideration levels of Board fees in similar companies. In the production of a proposal regarding fees for audit work, the Nomination Committee has been assisted by the Audit Committee.

The Board of Directors

THE BOARD'S RESPONSIBILITIES

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

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

THE BOARD'S RULES OF PROCEDURE

Each year, the Board adopts rules of procedure including instructions to the President which, among other things, govern the allocation of work between the Board and the President. The rules of procedure also regulate the manner in which Board work is allocated among the directors, the frequency of Board meetings and the allocation of work among various Board committees. According to the rules of procedure an Audit Committee and a Compensation Committee shall be established. 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.

CHAIRMAN OF THE BOARD

The Chairman of the Board of Directors presides over the Board's work, represents the Company on ownership issues and is responsible for the evaluation of the work of the Board. In addition, the Chairman is responsible for regular contacts with the President and for ensuring that the Board of Directors performs its obligations.

COMPOSITION OF THE BOARD

According to the by-laws, the Board shall consist of no fewer 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. Taking into consideration the Company's operations, phase of development and circumstances in general, the Board must have an appropriate composition which is characterized by diversity and breadth as regards the expertise, experience and background of its members. New directors undergo an introduction course to rapidly acquire the knowledge which is expected in order to best promote the interests of the Company and its shareholders.

THE BOARD'S WORK IN 2008

In 2008, 14 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 worked on the Company's strategy and organization. The Board has also fostered the integration work following the acquisition of the North American steel company, IPSCO Inc (SSAB North America), in 2007.

The Board also decided to sell the North American tubular business which was included in the acquisition of IPSCO Inc. The sale was completed in June. In other respects, the Board has given great consideration to the severe downturn in the economy in the autumn and decided also to implement an extensive cost savings program as a consequence of the downturn in the economy.

Each year, the Board visits plants at some of the localities within the steel operations and, in 2008 visited both of the Company's steel mills in the United States. In conjunction with the visits, the Board met with the divisional management for SSAB North America and plant management at the steel works in Mobile and Montpelier.

Auditors

According to the by-laws, SSAB shall have one or two external auditors. At the 2007 Annual General Meeting, PricewaterhouseCoopers was re-elected as auditor for an additional four-year term. Authorized public accountant Claes Dahlén has been the auditor-in-charge since 2005; he is also the auditor-in-charge of the listed company, Medivir. PricewaterhouseCoopers is the chosen auditor of a total of 24 of the 63 companies in the "Large cap" segment, and 100 out of a total of 270 companies on Nasdaq OMX Stockholm.

The external audit of the financial statements of the parent company and the Group, as well as management by the Board of Directors and President, is conducted in accordance with 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.

PricewaterhouseCoopers AB

Elected at the 2007 Annual General Meeting for a term up to and including the 2011 Annual General Meeting. Auditor-in-charge: Claes Dahlén, authorized public accountant.

Name of Director	Attendance statistics 2008				Independence		
	Elected to the Board	Total annual fee, SEK	Board meetings	Compensation Committee	Audit Committee	In relation to the Company and Company management	In relation to the Company's major shareholders
Elected by the General Meeting							
Sverker Martin-Löf, Chairman of the Board (1943)	2003, Chairman since 2003.	1,350,000	14	7	6	Yes	No, deputy chairman of Industri-värden.
Carl Bennet (1951)	2004	400,000	14			Yes	Yes
Anders G Carlberg (1943)	1986	500,000	14		6	Yes	Yes
Olof Faxander, President and CEO (1970)	2006	-	14			No, CEO of the Company	Yes
Marianne Nivert (1940)	2002	475,000	14		5	Yes	Yes
Anders Nyrén (1954)	2003	475,000	12	7		Yes	No, President and CEO of Industri-värden.
Matti Sundberg (1942)	2004	400,000	13			Yes	Yes
Lars Westerberg (1948)	2006	400,000	13			Yes	Yes
Employee representatives:							
Sture Bergwall (1956)	2005	-	14	-	-	-	-
Bo Jerräng (1947)	2004	-	14	-	-	-	-
Bert Johansson (1952)	1998	-	14	-	-	-	-
Alternates: :							
Owe Jansson (1945)	1990	-	14	-	-	-	-
Ola Parten (1953)	2003	-	14	-	-	-	-
Uno Granbom (1952)	2008	-	10	-	-	-	-

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

Appointed by the Annual General Meeting

Member	Elected to the Board	Shareholding*	Experience and current appointments
Sverker Martin-Löf, Chairman of the Board (1943)	2003, Chairman since 2003	21,563 shares	Licentiate of Technology, DRHC. Board Chairman: SCA and Skanska. Deputy-Chairman: Ericsson, Industrivärden and Svenskt Näringsliv. (Confederation of Swedish Enterprise). Director: Handelsbanken. Previously President and CEO of SCA.
Carl Bennet (1951)	2004	43,375 shares	MSc. in Economics, Tech DRHC Board Chairman: Elanders, Getinge, University of Gothenburg and Lifco. Deputy Board Chairman: Boliden. Member of the Government's Research Committee. Previously President and CEO of Getinge.
Anders G Carlberg (1943)	1986	6,000 shares	MSc. in Economics Director: Axel Johnson AB, Mekonomen, Beijer Alma, Sapa and Säkl. Previously President and CEO of Nobel Industrier, J.S. Saba and Axel Johnson International as well as Vice President of SSAB.
Olof Faxander, President and CEO (1970)	2006	8,000 shares	MSc. (Materials Science) and BSc. (Business Administration). Chairman of the Council of the Swedish Steel Producers' Association. Employed at SSAB since 2006. Previously Vice President of Outokumpu Oy.
Marianne Nivert (1940)	2002	10,000 shares	BA Board Chairman: Posten. Director: Beijer Alma, Systembolaget and Wallenstam. Previously President and CEO of Telia.
Anders Nyrén (1954)	2003	2,812 shares	MSc. in Economics, MBA. President and CEO of Industrivärden. Deputy Board Chairman: Handelsbanken and Sandvik. Director: Ericsson, Ernströmgruppen, Industrivärden, SCA and Skanska. Chairman of the Board of the Association of Exchange Listed Companies and the Association for Generally Accepted Principles in the Securities Market. Previously Vice President of Skanska.
Matti Sundberg (1942)	2004	10,000 shares	Mining Counselor, MSc. in Business and Economics, econ DRHC. Chairman: Chempolis Oy. Director: Boliden and Skanska. Previously President and CEO of Valmet/Metso and Ovako Steel.
Lars Westerberg (1948)	2006	10,000 shares	Civil Engineer and MBA Board Chairman: Autoliv, Husqvarna and Vattenfall Director: Plastal and Volvo. Previously President and CEO of Autoliv and Gränges.

*Shareholdings include shares owned by closely-related persons.

Appointed by the employees

Sture Bergvall (1956)	2005	Electrician, SSAB Strip Products.
Bo Jerräng (1947)	2004	Personnel, SSAB Plate.
Bert Johansson (1952)	1998	Electrician, SSAB Strip Products.
Alternates:		
Owe Jansson (1945)	1990	Steel worker, SSAB Plate.
Ola Parten (1953)	2003	Engineer, SSAB Strip Products.
Uno Granbom (1952)	2008	Technician, SSAB Strip Products.

Compensation Committee

DUTIES

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. The Compensation Committee assists the Board in its task of drawing up proposals for guidelines for determination of salary and other compensation for the President and other members of the Company's management, to be decided upon at the Annual General Meeting.

WORK IN 2008

In 2008, the Compensation Committee held 7 meetings at which minutes were taken, at which all members were present. The Compensation Committee 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.

Audit Committee

DUTIES

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 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 grants approval as to which additional services the Company may procure from the external auditors.

There is an established risk management process in the Company which is 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 risk management process described above. The audit plan is discussed with the external auditors in order to enhance the efficiency and quality of the regular audit work. The Committee also discusses significant accounting issues which affect the Group and assists the Nomination Committee in producing proposals as regards auditors and their fees.

WORK IN 2008

In 2008, the Audit Committee developed and improved the presentation of the external financial reporting. 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 Committee's members were Anders G Carlberg (Chairman), Sverker Martin-Löf and Marianne Nivert. In 2008, the Audit Committee held six meetings at which minutes were taken.

Group Executive Committee

THE GROUP EXECUTIVE COMMITTEE'S WORK AND RESPONSIBILITIES

The Group Executive Committee is responsible for the formulation and implementation of the Group's overall strategies and addresses issues such as acquisitions and divestments. These issues, as well as major capital expenditures (in excess of SEK 50 million), are prepared by the Group Executive Committee for decision by the Board of Directors of the parent company.

The President is responsible for the day-to-day management of the Company in accordance with the Board of Directors' instructions and guidelines. The Group Executive Committee consists, in addition to the President, of the Executive Vice Presidents of SSAB Strip Products, SSAB Plate and SSAB North America, the Chief Financial Officer, the General Counsel, the Executive Vice President, Human Resources, the Executive Vice President, Technical Development and the 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 quarterly performance reviews and, in Tibnor and Plannja, through each board of directors. The President of the parent company is in most cases the Chairman of the Board of each of the directly-owned major subsidiaries and these boards also include other members from the Group Executive Committee as well as employee representatives. The boards of the subsidiaries monitor the ongoing operations and determine strategies and budgets.

Compensation Guidelines

The 2008 Annual General Meeting decided that compensation to the President and other members of the Company's management shall comprise fixed salary, possible variable compensation, other benefits and pension. The total compensation package shall be on market terms and competitive for the employment market in which the executive works. Fixed salary and variable compensation shall be related to the executive's responsibilities and powers. The variable compensation shall be based on results as compared with defined and measurable targets and shall be subject to a 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. The Board shall be entitled to deviate from the guidelines where special reasons exist in an individual case. For more detailed information regarding current compensation, reference is made to Note 2.

The Company currently has no share or share-price related incentive program.

Name	Member of Group Executive Committee	Shareholding*	Education and experience
Olof Faxander, President and CEO (1970)	2006	8,000 shares	MSc. (Materials Science) and BSc. (Business Administration). Employed at SSAB since 2006. Previously Vice President of Outokumpu Oy.
Jonas Bergstrand, General Counsel and Executive Vice President, Legal (1965)	2006	4,242 shares	Master of Law. Employed at SSAB since 2006. Previously corporate counsel at ABB, OM Gruppen and Ericsson Radio Systems.
Martin Lindqvist, Chief Financial Officer up to July 31 2008 and Executive Vice President SSAB Strip Products since August 1, 2008 (1962)	2001	17,109 shares	Bachelor of Science in Economics. Employed at SSAB since 1998. Previously CFO at SSAB, CFO at SSAB Strip Products and Chief Controller at NCC.
Martin Pei, Executive Vice President, Technical Development (1963)	2007	1,000 shares	Ph. D (Technology). Employed at SSAB since 2001. Previously General Manager, Slab Production, SSAB Plate.
Karl-Gustav Ramström, Executive Vice President, SSAB Plate (1954)	2007	1,000 shares	Master of Engineering, MBA. Employed at SSAB since 2007. Previously Head of Division, Svenska ABB.
Helena Stålnert, Executive Vice President, Communications (1951)	2007	500 shares	Master program in Journalism, Stockholm. Employed at SSAB since 2007. Previously Senior Vice President, Communications, at Saab, Head of the News at Swedish Television.
Anna Vikström Persson, Executive Vice President, Human Resources (1970)	2006	500 shares	Master of Law. Employed at SSAB since 2006. Previously Head of Human Resources at Ericsson's Swedish Division.
Marco Wirén, Chief Financial Officer and Executive Vice President, Finance, since November 2008 (1966)	2008	4,850 shares	Master in Economics. Employed at SSAB since 2007. Previously Chief Controller at SSAB and CFO at Eltel Networks AB and Vice President, Strategic Planning at NCC AB.
David Britten, Executive Vice President, SSAB North America, since June 13, 2008 (1960)	2008	5,000 shares	MSc. (Engineering). Employed at SSAB since 2007. Previously Senior Vice President, IPSCO.

* Shareholdings include shares owned by closely-related persons.

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' 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, and shall ensure compliance with applicable laws and regulations and the requirements imposed on listed companies.

Since 2007, SSAB has had a Risk Committee charged 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 to reduce and prevent the Group's risks. The Committee also has the tasks 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. In 2008, the Committee held two meetings at which minutes were kept, at which all members were present. In the autumn of 2008, it was decided to replace the Risk Committee with a Risk Manager, who shall assume the Risk Committee's duties and report directly to the Company's General Counsel.

For a description of the organization of the internal control with respect to financial reporting, see below.

Internal audit

SSAB has an established internal audit function reporting directly to the Audit Committee but functionally subordinate to the Chief Financial Officer.

During 2008, the internal audit has activated and re-reported 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 is regularly developed in order to optimize the work method and delivery of reports which generate added value.

For a further description of the work of the internal audit in 2008, see the section entitled "The Board's description of the internal control and risk management regarding financial reporting".

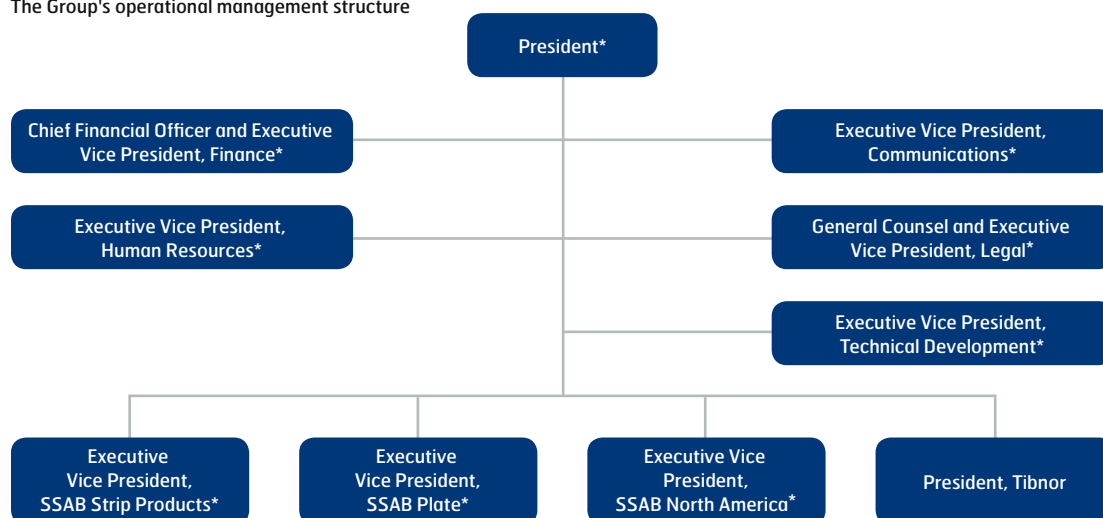
The Board's description of the internal control and risk management regarding financial reporting

In accordance with the Swedish Companies Act and the Swedish Code on Corporate Governance, the Board of Directors of SSAB is responsible for the internal control. This description has been prepared in accordance with section 10.5 of the Swedish Code on Corporate Governance. This description does not constitute a part of the formal annual report documents and 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 five components: control environment, risk assessment, control activities, information and communications, as well as follow-up.

The Group's operational management structure



* Member of the Group Executive Committee

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, reporting standards, as well as requirements imposed on listed companies in Sweden. Prerequisites for this being achieved are that a sound control environment is in place, that reliable risk assessments are carried out, that established control activities are in place 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 methods and philosophy as well as other roles and responsibilities within the organization. The Audit Committee assists the Board with respect to important accounting issues which the Group applies and monitors the internal control with respect to financial reporting. In order to maintain an efficient control environment and sound internal control, the Board of Directors has delegated the practical responsibility to the President who, in turn, has delegated responsibility to other members of the Group Executive Committee and heads of divisions/subsidiaries.

A number of projects aimed at achieving improvements in work methods, routines and documentation are regularly conducted with the aim of ensuring that the Group's internal controls meet the requirements imposed by various interested parties. In order to ensure the quality of the financial reporting, regular work takes place on further developing joint Group policies and manuals; among other things, an accounting manual (Financial Guidelines) for the Group has been produced and communicated throughout the Group. The finance policy is included in the Financial Guidelines. In addition to the Financial Guidelines, the most important overall control documents and policies for the Group are the information policy and ethics policy. In addition to these

joint 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 Business Ethics continued during 2008. This represents a stage in further strengthening the communication of the Group's values and philosophy.

RISK ASSESSMENT

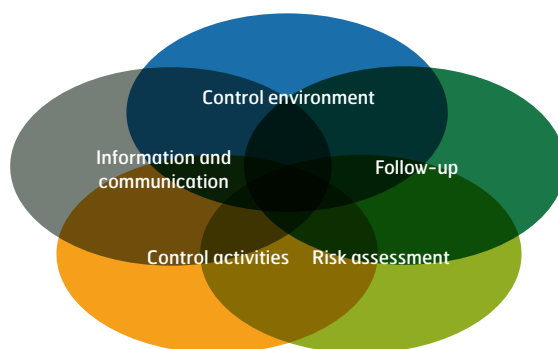
SSAB is an organization which is exposed to various risks, both internally and externally. In order to appropriately ensure a sound internal control, the risks which may affect the financial reporting are identified, gauged and measures are taken. The Group's system for identifying, reporting and taking measures as regards risks is integrated in the regular 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 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 treasury function in accordance with the Group's finance policy (see Note 27). See also the section entitled "Internal control and risk management." and the report of the Directors page 24 for a survey of the Group's business risk exposure.

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. Corrective measures, implementation, documentation and quality assurance take place on a Group level, subsidiary level or process level, depending on the nature and affiliation of the control activity. As with other processes, the relevant head is responsible for the completeness and accuracy of the control activities.

In 2007, the Group commenced work on implementing a joint Group consolidation system. This work has continued in 2008 and all companies in the Group submitted reports at the end of 2008. A joint Group system will lead to an improved internal control over the financial reporting. Work has also continued in the Group concerning automation of

Internal control process



more controls and processes, and limitations on authority in accordance with relevant powers.

Control activities are carried out on all levels in the Group. For example, there are established Controller functions which analyze and follow-up deviations and forward reports in the Company. Monitoring by 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 analyzes, among other things, monthly business reports in which the Group Executive Committee describes the period that has elapsed and comments on the Group's financial position and results. In these ways, important fluctuations and deviations are followed up, a factor which minimizes the risks of errors in the financial reporting.

The work on the closing accounts and the annual report involves processes in which there are additional risks of error in the financial reporting. This work is less repetitive in nature and contains several elements in the nature of an assessment. Important control activities include ensuring the existence of a well-functioning reporting structure in which the divisions/subsidiaries report in accordance with standardized reporting models, and that important income statement and balance sheet items are specified and commented on.

INFORMATION AND COMMUNICATION

Externally

SSAB's communications must be correct, open, and prompt and provided simultaneously to all interested groups. All communications must take place in accordance with Nasdaq OMX Stockholm's Rules and Regulations and in accordance with other regulations. The financial information must provide the capital market and stock market, as well as current and future shareholders, with a comprehensive and clear view of the Company, its operations, strategy and financial development.

The Board of Directors approves the Group's annual 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 and press releases are published on the website (www.ssab.com) simultaneously with publication via Nasdaq OMX Stockholm, and are also notified to the Swedish Financial Supervisory Authority.

Financial information regarding the Group may be provided only by the CEO and CFO, as well as by the Executive Vice President, Communications and Head of Investor Relations. The divisions/subsidiaries disseminate financial information regarding their business only after the Group has published corresponding information.

The Company applies silent periods during which the Company does not communicate information regarding the

Company's development. Silent periods are 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, Nasdaq OMX Stockholm will be notified, after which a press release containing the same information will be distributed. Informational activities are governed by an information policy

Internally

Each 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. In 2008, SSAB introduced a new joint Group intranet. Regular joint Group accounting meetings are held with the chief financial officers of the divisions/subsidiaries. In this way, 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 communicates changes in the joint Group accounting principles and policies 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 department 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 2008, the external auditors reviewed the internal control in selected key processes and reported thereon to the Audit Committee and Group Executive Committee.

Further information regarding corporate governance in SSAB is available on www.ssab.com, including the following information:

- Routines regarding the Annual General Meeting (when the Annual General Meeting is to be held, notice to attend, registration procedure, as well as which important decisions are to be taken at the Annual General Meeting)
- Information from SSAB's previous Annual General Meetings (commencing 2005), including notices, minutes, addresses by the President and communiqués
- The by-laws
- Corporate governance reports from previous years
- Information regarding the Nomination Committee

Directors appointed by the Annual General Meeting



Carl Bennet (1951)

Elected 2004.
Shareholding: 43,375 shares.
MSc. in Economics, Tech DRHC. Board Chairman: Elanders, Getinge, University of Gothenburg and Lifco. Deputy Board Chairman: Boliden. Member of the Government's Research Committee. Previously President and CEO of Getinge.



Matti Sundberg (1942)

Elected 2004.
Shareholding: 10,000 shares.
Mining Counsellor, MSc. in Business and Economics, Econ DRHC. Board Chairman: Chempolis Oy.
Director: Boliden and Skanska. Previously President and CEO of Valmet/Metso and Ovako Steel.



Anders G Carlberg (1943)

Elected 1986.
Shareholding: 6,000 shares.
MSc. in Economics, Director: Axel Johnson, Mekonomen, Beijer Alma, Sapa and Säkl. Previously President and CEO of Nobel Industrier, Axel Johnson International and J.S. Saba as well as Vice President of SSAB.



Lars Westerberg (1948)

Elected 2006.
Shareholding: 10,000 shares.
Civil Engineer and MBA. Board Chairman: Autoliv, Husqvarna and Vattenfall.
Director: Plastal and Volvo. Previously President and CEO of Autoliv and Gränges.



Marianne Nivert (1940)

Elected 2002.
Shareholding: 10,000 shares.
BA. Board Chairman: Posten. Director: Beijer Alma, Systembolaget and Wallenstam. Previously President and CEO of Telia.



Sverker Martin-Löf (1943)

Chairman of the Board. Elected 2003. Chairman since 2003.
Shareholding: 21,563 shares.
Licentiate of Technology, DRHC. Board Chairman: SCA and Skanska. Deputy Board Chairman: Ericsson, Industrivärden and Svensk Näringsliv (Confederation of Swedish Enterprise). Director: Handelsbanken. Previously President and CEO of SCA.



Anders Nyrén (1954)

Elected 2003.
Shareholding: 2,812 shares.
MSc. in Economics, MBA. President and CEO of Industrivärden. Deputy Board Chairman: Handelsbanken and Sandvik. Director, Ericsson, Ernströmgruppen, Industrivärden, SCA and Skanska. Chairman of the Board of the Association of Exchange Listed Companies and Association for Generally Accepted Principles in the Securities Market. Previously Vice President of Skanska.



Olof Faxander (1970)

Elected 2006.
Shareholding: 8,000 shares.
President and CEO. MSc. (Material Science) and BSc (Business Administration). Chairman of the Council of the Swedish Steel Producers' Association. Employed at SSAB since 2006, Previously Vice President of Outokumpu Oy.

Directors appointed by the employees



Sture Bergvall (1956)

Employee representative.
Elected 2005.
Electrician, SSAB Strip Products.



Ola Parten (1953)

Employee representative.
Alternate.
Elected 2003.
Engineer, SSAB Strip Products.



Bert Johansson (1952)

Employee representative.
Elected 1998.
Electrician, SSAB Strip Products.



Owe Jansson (1945)

Employee representative.
Alternate.
Elected 1990.
Steel worker, SSAB Plate.



Bo Jerrång (1947)

Employee representative.
Elected 2004.
Personnel, SSAB Plate.



Uno Granbom (1952)

Employee representative.
Alternate.
Elected 2008.
Technician, SSAB Strip Products.

Group Executive Committee

Olof Faxander (1970), President and Chief Executive Officer

Member of the Group Executive Committee since 2006.
Shareholding: 8,000 shares.
Education: Master of Science in Material Science from the Royal Institute of Technology, Stockholm; Bachelor of Social Science (Business Administration) University of Stockholm
Background: Employed at SSAB since 2006. Previously Vice President, Outokumpu Oy.

Martin Lindqvist (1962), Executive Vice President, SSAB Strip Products

Member of the Group Executive Committee since 2001.
Shareholding: 17,109 shares.
Education: Bachelor of Science in Economics, University of Uppsala.
Background: Employed at SSAB since 1998. Previously CFO, SSAB and CFO at SSAB Strip Products as well as Chief Controller at NCC.

Karl Gustav Ramström (1954), Executive Vice President, SSAB Plate

Member of the Group Executive Committee since 2007.
Shareholding: 1,000 shares.
Education: Master of Engineering in Technical physics and Master of Business Administration in International Marketing, both from Uppsala University.
Background: Employed at SSAB since 2007. Previously Head of Division within Process Automation at ABB Sverige.

David Britten (1960), Executive Vice President, SSAB North America

Member of the Group Executive Committee since 2008.
Shareholding: 5,000 shares.
Education: Master of Science Degree in Mechanical Engineering from Queen's University, Kingston, USA.
Background: Employed at IPSCO Inc since 1985. Employed at SSAB since 2007. Previously Senior Vice President of Steel within the IPSCO Division.

Jonas Bergstrand (1965), General Counsel and Executive Vice President, Legal

Member of the Group Executive Committee since 2006.
Shareholding: 4,242 shares.
Education: Master of Law, University of Uppsala.
Background: Employed at SSAB since 2006. Previously corporate counsel at ABB; OM Gruppen; Ericsson Radio Systems.

Marco Wirén (1966), CFO and Executive Vice President, Finance

Member of the Group Executive Committee since 2008.
Shareholding: 4,850 shares.
Education: Master in Economics, University of Uppsala
Background: Employed at SSAB since 2007. Previously Chief Controller at SSAB, CFO at Eltel Networks and Vice President, Strategic Planning and Group Controller at NCC.

Martin Pei (1963), Executive Vice President, Technical Development

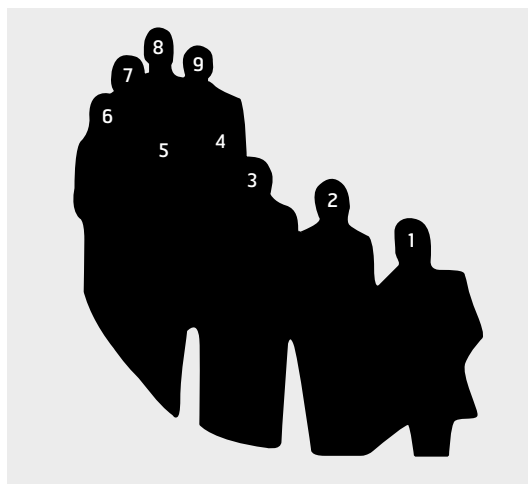
Member of the Group Executive Committee since 2007.
Shareholding: 1,000 shares.
Education: Ph. D for the Royal Institute of Technology, Stockholm.
Background: Employed at SSAB since 2001. Previously Manager R & D Department, and General Manager, Slab Production within SSAB Plate.

Helena Stålnert (1951), Executive Vice President, Communications

Member of the Group Executive Committee since 2007.
Shareholding: 500 shares.
Education: Master program in Journalism, Stockholm.
Background: Employed at SSAB since 2007. Previously Senior Vice President, Communications at Saab; Head of the news at Swedish Television.

Anna Vikström Persson (1970), Executive Vice President, Human Resources

Member of the Group Executive Committee since 2006.
Shareholding: 500 shares.
Education: Master of Law, University of Lund
Background: Employed at SSAB since 2006. Previously Head of Human Resources at Ericsson's Swedish Division.



1. Olof Faxander 2. Jonas Bergstrand 3. Karl Gustav Ramström
4. Martin Lindqvist 5. Helena Stålnert 6. Anna Vikström Persson
7. Martin Pei 8. Marco Wirén 9. David Britten

Shareholdings include shares owned by closely-related persons.



Annual General Meeting, Nomination Committee, Calendar

Annual General Meeting

The Annual General Meeting will be held in Oxelösund at 1:00pm on Tuesday, March 31, 2009. To be entitled to participate at the Annual General Meeting, shareholders must be included in the share register that is printed out by Euroclear Sweden AB (formerly VPC AB) on Wednesday, March 25, 2009 and must have registered their intention to participate at the meeting not later than 12 noon on Thursday, March 26, 2009.

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 25, 2009.

Registration

Registration in respect of participation at the annual general meeting takes place via the Company's website, www.ssab.com or 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 of registration. Notices must be received by SSAB not later than 12 noon on Thursday, March 26, 2009, at which time the registration period will expire.

Proxies

Powers of attorney in original and, as regards legal entities, certificates of registration, should be submitted in due time prior to the annual general meeting to:

SSAB Svenskt Stål AB,
Årsstämman,
Box 70,
101 21 Stockholm.

Nomination committee

Carl-Olof By, Industrivärden, Chairman
Ola Johansson, LKAB
Peder Hasslev, AMF Pension
Sverker Martin-Löf, Chairman of the Board
Mats Lagerqvist, Swedbank Robur Fonder

The Nomination Committee presents, among other things, proposals to the annual general meeting concerning the election of the Board of Directors, fees for the Board of directors, and election of auditors.

Dividends

April 3, 2009 is proposed as the record date for the right to receive dividends. It is anticipated that payment of dividends will be effected through Euroclear Sweden AB (formerly VPC AB) on April 8, 2009.

The Board of Directors and the President propose that the annual general meeting resolve upon the payment of a dividend for 2008 in the amount of SEK 4.00 per share.

Financial information

SSAB will present the following information for the 2009 financial year:
Report for the first quarter, May 5, 2009.
Half-year report, July 27, 2009.
Report for the first three quarters, October 30, 2009.
Results for 2009, February 10, 2010.
Annual report, March 2010.

Steel Talk ABC – a glossary

- A After-treatment** – Heat treatment, cooling, etc., in order to endow the steel with certain qualities; also galvanizing, organic coating, and cutting to size.
- Alloy** – Composition metal.
- Alloy Steel** – An iron-based mixture is considered to be an alloy steel when manganese is greater than 1.65%, silicon over 0.5%, copper above 0.6%, or other minimum quantities of alloying elements such as chromium, nickel, molybdenum, or tungsten are present. An enormous variety of distinct properties can be created for the steel by substituting these elements in the recipe.
- Alloying material** – Material which combines with iron or other metals and changes the metal's qualities.
- Annealing** – A heat or thermal treatment process by which a previously cold-rolled steel coil is made more suitable for forming and bending. The steel sheet is heated to a designated temperature for a sufficient amount of time and then cooled.
- Application** – Area of use; a product which uses a certain grade of steel.
- Applications engineer** – Trained specialists in the qualities of the material and its areas of use; problem solvers and developers.
- B Base industry** – Industry involving the extraction and processing of raw materials; fundamental for the Swedish economy and other economies around the globe.
- Billet** – A semi-finished steel form that is used for "long" products: bars, channels or other structural shapes. A billet is different from a slab because of its outer dimensions; billets are normally two to seven inches square, while slabs are 30 inches to 80 inches wide and two inches to ten inches thick. Both shapes are generally continually cast, but they may differ greatly in their chemistry.
- Blast Furnace** – A towering cylinder lined with heat-resistant (refractory) bricks, used by integrated steel mills to smelt iron from iron ore. Its name comes from the "blast" of hot air and gases forced up through the iron ore, coke, and limestone that load the furnace.
- Blast air** – Heated air which is blown into the furnace under high pressure.
- C Carbon dioxide** – CO_2 , colorless gas, soluble in water to carbon acid; included in carbonated drinks and comprises 0.03% of the atmosphere and is identified as a greenhouse gas.
- Carbon monoxide** – Colorless and odorless energy-rich gas which burns with a blue flame; noxious. Upon combustion, carbon dioxide is formed.
- Casting box** – An intermediate container in the casting process to facilitate ladle change without disruption in the process.
- Casting pipe** – Ceramic pipe which protects the steel from oxygen, in conjunction with casting.
- Charging** – The act of loading material into a vessel. For example, iron ore, coke, and limestone are charged into a blast furnace; a basic oxygen furnace is charged with scrap and hot metal.
- Coil box** – Rolling machinery; box for coiled steel.
- Coiler** – Mechanical part which captures plate from the rolling mill and coils it.
- Coke** – The basic fuel consumed in blast furnaces in the smelting of iron. Coke is a processed form of coal. About 1,000 pounds of coke are needed to process a ton of pig iron, an amount which represents more than 50% of an integrated steel mill's total energy use.
- Cold rolling** – Technique whereby hot-rolled steel can be rolled into thinner dimensions without prior heating.
- Continuous casting** – A method of pouring steel directly from the furnace into a billet, bloom, or slab directly from its molten form.
- Cowper stoves** – Heating apparatus; ceramic towers used for pre-heating blast air.
- Crude steel** – Iron which has been decarburized (part of the hot metal's carbon content has been removed), but which is not yet refined to a defined grade of steel.
- Cutting station** – Place for cutting the steel strand into slabs.
- D Decarburization** – Conversion of brittle hot metal into malleable steel; reduces the hot metal's carbon content.
- Dry distillation process** – Combustion without entry of oxygen.
- E Electric arc furnace (EAF)** – Steel-making furnace where scrap is generally 100% of the charge. Heat is supplied from electricity that arcs from the graphite electrodes to the metal bath. Furnaces may be either an alternating current (AC) or direct current (DC). DC units consume less energy and fewer electrodes, but they are more expensive.
- F Fatigue** – For steel material, the load point where the material can no longer spring back to its original form.
- Four-high rolling mill** – Mechanical equipment; comprises four cylindrical rollers with extremely high pressure which press slabs into plate by repeatedly rolling backwards and forwards.
- H Hardening** – Process that increases the hardness of steel, i.e., the degree to which steel will resist cutting, abrasion, penetration, bending, and stretching.
- Hearth** – Lower part of the blast furnace; area for collection of molten hot metal.
- Hematite** – Blood ore, Fe_2O_3 , non-magnetic iron ore.
- High-strength steel** – Strong steel with high resistance to tensile stress before fatigue and breaking may occur.
- Hot dip galvanization** – Method for adding a rust protection surface layer. For example, adding zinc and aluminum in hot molten form on the steel. The opposite to zinc-plating, an electrochemical method.
- Hot metal** – The name for the molten iron produced in a blast furnace. It proceeds to the basic oxygen furnace in molten form or is cast as pig iron.
- Hot strip rolling mill** – A rolling mill of several stands of rolls that converts slabs into hot-rolled coils. The hot-strip mill squeezes slabs, which can range in thickness from two to ten inches, depending on the type of continuous caster, between horizontal rolls with a progressively smaller space between them (while vertical rolls govern the width) to produce a coil of flat-rolled steel about a quarter-inch in thickness and a quarter mile in length.
- Hot rolling** – A technique whereby the slabs are heated in furnaces to an extremely high temperature for rolling.
- I Injection coal** – Coal powder which is injected into the blast furnace under high pressure without being converted to coke.
- Iron ore pellets** – Mineral containing enough iron to be a commercially viable source of the element for use in steelmaking. Except for fragments of meteorites found on earth, iron is not a free element; instead, it is trapped in the earth's crust in its oxidized form.
- L Ladle** – A "bucket" lined with refractory (heat resistant) bricks, used to transport molten steel from process to process in a steel plant.
- Ladle change** – Switch from an empty to a full container of steel.
- Ladle Metallurgy Furnace (LMF)** – An intermediate steel processing unit that further refines the chemistry and temperature of molten steel while it is still in the ladle. The ladle metallurgy step comes after the steel is melted and refined in the electric arc or basic oxygen furnace, but before the steel is sent to the continuous caster.
- Ladle treatment method** – Different methods for ladle metallurgy.
- LD converter** – Steel process from Linz Donawitz comprises container and lance for treatment with oxygen. Converts hot metal into crude steel.
- Low alloyed steel grades** – Steel with low percentages of alloying materials; changes the material's qualities substantially. The opposite of high alloyed steel, often stainless steel.
- M Magnetite** – Fe_3O_4 , magnetic iron ore.
- Material design** – Controlling the steel's inner chemical composition and qualities through different after-treatment methods in order to meet a certain need for a specific product.
- Metallurgy** – Discipline regarding processes in the steel's hot, liquid form.
- Mill stand** – An arrangement of two or more cylindrical rollers in a machinery part. A rolling mill consists of several mill stands.
- Mold** – Casting mold.
- O Ore car** – Railcar for transportation of lump ore, iron ore concentrate or pellets.
- Oxide scale** – Annealing residue on the surface of the steel after hot rolling.
- Oxygen lance** – Pipe-shaped lance for treatment using oxygen.
- P Pair of rollers** – A pair of cylindrical rollers for rolling steel to thinner dimensions under high pressure.
- Particulates filter** – Purification plant for gas or air in which particulates are separated and condensed for recycling.
- Phases** – Steel has different crystal structures at various temperatures and phases dependant on heat treatment, alloy quantity, hardening, quenching, etc. Best known are the Martensite (quick hardening) phase, ferrite phase (pure iron) Austenite (non-magnetic) phase and Bainite phase.
- Pickling line** – Process that cleans a steel coil of its rust, dirt and oil so that further work can be done to the metal.
- Plate** – Sheet steel with a width of more than eight inches, with a thickness ranging from one quarter of an inch to more than one foot. (See Sheet Steel.)
- Process gas** – Gas from metallurgical processes; often energy rich.
- Process methods** – Methods for extracting raw materials and manufacturing products in a continuous cycle without disruption.
- Process water** – Water from cooling or treatment in SSAB's processes. Always undergoes purification and can often be re-circulated.
- Q Quenched steels** – Hardened or toughened steel. SSAB's quenched steels are also high strength.
- R Recycling** – Return of used products or byproducts to enter a new cycle of production and use.
- Reduction agents** – Either natural gas or coal can be used to remove the oxygen from iron ore in order to produce a scrap substitute. In gas-based processes, the iron ore is heated in a vessel as reformed natural gas passes through. In coal-based processes, iron ore is combined with gasified or ground coal and heated. The oxygen in the ore combines with carbon and hydrogen in the gas or coal, producing reduced, or metallic, iron.
- Rolling mill** – Any of the mills in which metal undergoes a rolling process. These include the slabbing mill, hot roll mills, cold roll mills, SR mills, and DR mills. Any operating unit that reduces gauge by application of loads through revolving cylindrical rolls; operation can be hot or cold. The elevated temperature rolling mill is the Hot Mill and is capable of reducing the gauge of a slab 92–99%.
- Roll pass** – Number of times a billet passes through a pair of rollers.
- Rougher** – Two rough cylindrical rollers which press the steel to thinner dimensions prior to hot rolling.
- Runner** – Ceramic-lined spout for controlling molten, hot metal.
- S Scrap** – Ferrous (iron-containing) material that generally is remelted and recast into new steel. Integrated steel mills use scrap for up to 25% of their basic oxygen furnace charge; 100% of the mini-mills' raw material for their electric furnaces generally is scrap.
- Sintering** – A process that combines iron-bearing particles, once recovered from environmental control filters, into small pellets. Previously, these materials were too fine to withstand the air currents of the smelting process and were thrown away. The iron is now conserved because the chunks can be charged into the blast furnace.
- Skirt** – Pipe around the blast furnace for the supply and allocation of hot blast air.
- Slab furnace** – Furnace for heating steel slabs to rolling temperatures.
- Slabs** – The most common type of semi-finished steel. Traditional slabs measure ten inches thick and 30–85 inches wide (and average about 20 feet long), while the output of the recently developed "thin-slab" casters is approximately two inches thick. Subsequent to casting, slabs are sent to the hot-strip mill to be rolled into coiled sheet and plate products.
- Slag** – The impurities in a molten pool of iron. Flux such as limestone may be added to foster the congregation of undesired elements into a slag. Because slag is lighter than iron, it will float on top of the pool, where it can be skimmed.
- Smelting reduction process** – Process for smelting and removing unwanted substances from, for example, metal raw materials.
- Steckel mill** – A reversing steel sheet reduction mill with heated coil boxes at each end. Steel sheet or plate is sent through the rolls of the reversing mill and coiled at the end of the mill, reheated in the coil box, and sent back through the Steckel stands and recoiled. By reheating the steel prior to each pass, the rolls can squeeze the steel thinner per pass and impart a better surface finish.
- Steel** – Alloy of iron and coal with a carbon content of less than 1.7 %.
- Steel bath** – The hot, molten steel in a container.
- Sulphur purification** – Method for removing sulphur from the hot metal; for example, through the addition of calcium carbide or magnesium oxide.
- Steel shuttle** – Train system for transportation of steel slabs between Luleå, Borlänge and Oxelösund production facilities.
- Steel slabs** – Raw material for the production of steel sheet and plate.
- Strand** – Thick strand of cast steel during the quenching process.
- Strength** – Properties related to the ability of steel to oppose applied forces. Forms of strength include withstanding imposed loads without a permanent change in shape or structure and resistance to stretching.
- Structure** – The steel's molecular form following different treatment methods; crystalline structure.
- Strip** – Thin, flat steel that resembles hot-rolled sheet, but it is normally narrower (up to 12 inches wide) and produced to more closely controlled thicknesses. Strip also may be cut from steel sheet by a slitting machine.
- Sulphur purification** – Method for purifying the hot metal from sulphur; for example, through the addition of calcium carbide or magnesium oxide.
- Surface treatment** – Cleaning, polishing or coating of surfaces; for example, through galvanization or organic coating.
- T Temper Mill** – A type of cold-rolling mill, usually with only one or two stands, that finishes cold-rolled, annealed sheet steel by improving the finish or texture to develop the required final mechanical properties. By changing the rolls of the temper mill, steel can be shipped with a shiny, dull, or grooved surface.
- Tempering** – Heating to 200 – 500 degrees in order to make steel tougher and less brittle.
- Tensile strength** – Ability to withstand tensile stress. (See Strength.)
- Torpedo** – Cylinder-shaped brick-lined railway car used for transporting hot, molten metal.
- V Vacuum Degassing** – An advanced steel refining facility that removes oxygen, hydrogen and nitrogen under low pressures (in a vacuum) to produce ultra-low-carbon steel for demanding electrical and automotive applications. Normally performed in the ladle, the removal of dissolved gases results in cleaner, higher quality, more pure steel (see Ladle Metallurgy).
- Vacuum purification** – Method whereby the steel is purified of hydrogen in a vacuum.
- W Wear resistance** – Ability to withstand repeated wear and tear; resistance to abrasion.

This glossary is an extract from the more detailed glossary presented in the "Steel Book" published in February 2009.

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