

Weak demand negatively impacts on SSAB's third-quarter earnings

Volume growth, especially within strip products, has been much weaker than the assessment which was made in connection with publication of the report for the second quarter of 2012. In addition to normal maintenance outages during the summer, so far during the third quarter capacity utilization within SSAB EMEA's strip operations has been slightly less than 60%. Customers have been extremely hesitant in both northern and southern Europe. However, the assessment is that underlying demand will gradually result in improved capacity utilization compared with the trend so far during the third quarter.

Iron ore prices have fallen sharply on the spot market. The price change is expected to impact on SSAB's earnings during the first quarter of 2013. The change in the price of iron ore has resulted in downward pressure on steel prices, especially for standard products, while quenched plate products are demonstrating a more stable price level.

Thanks to currency hedging, the substantial strengthening during the summer of the Swedish krona against the Euro has had a limited effect on earnings. Approximately one half of SSAB EMEA's sales take place in Euro, while costs are mainly in SEK and USD.

At the beginning of 2012, SSAB EMEA initiated an efficiency improvement program aimed at reducing fixed costs and increasing flexibility in the operations. The program has now been accelerated and is expected to be completed during the first quarter of 2013. It is estimated that the program will generate annual savings of SEK 800 million. During the autumn, the number of white collar employees within SSAB EMEA will be reduced by 10% and negotiations with labor unions are underway. The results for the third quarter will be negatively impacted by a provision of approximately SEK 50-60 million for non-recurring costs.

SSAB Americas' operations have also been affected by a weakening in demand, as forecast in the report for the second quarter. The economic slowdown in China has had a negative impact on operations within SSAB APAC.

In total, SSAB is expected to report an operating loss for the third quarter of 2012 of approximately SEK -700 million (including provisions for non-recurring costs), with a continued positive operational cash flow.

SSAB's CEO Martin Lindqvist and CFO Marco Wirén will be available for Q&A:s at a telephone conference, 12.00 CET today.

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SSAB is a global leader in value added, high strength steel. SSAB offers products developed in close cooperation with its customers to create a stronger, lighter and more sustainable world. SSAB has employees in over 45 countries and operates production facilities in Sweden and the US. SSAB is listed on the NASDAQ OMX Nordic Exchange, Stockholm. www.ssab.com.

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