2015

YEAR-END REPORT

Luossavaara-Kiirunavaara AB (publ) Corp. ID no. 556001-5835

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Financial information is also available on lkab.com

OCTOBER – DECEMBER

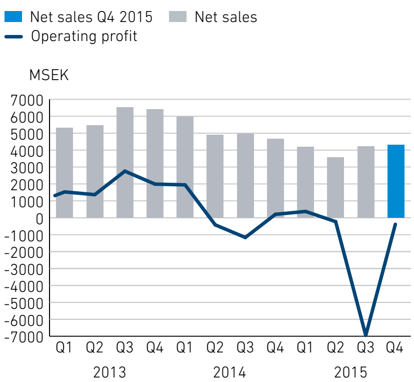
- NET SALES TOTALLED MSEK 4,252 (4,662).
- UNDERLYING OPERATING PROFIT[1] WAS MSEK 128 (46).
- OPERATING LOSS WAS MSEK -351 (205).
- LOSS FOR THE PERIOD WAS MSEK -235 (-17).
- DELIVERIES OF IRON ORE TOTALLED 6.8 (6.7) MT.

[1] Underlying operating profit is defined as operating profit excluding costs for urban transformation provisions and impairment of property, plant and equipment.

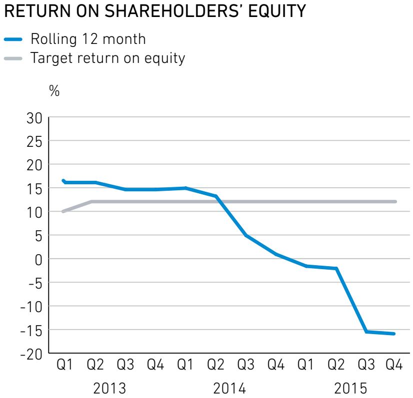
JANUARY – DECEMBER

- NET SALES TOTALLED MSEK 16,200 (20,615).
- UNDERLYING OPERATING PROFIT[1] WAS MSEK 1,548 (4,002).
- OPERATING LOSS WAS MSEK -7,156 (570).
- IMPAIRMENT LOSS ON PROPERTY, PLANT AND EQUIPMENT HAD A NEGATIVE EFFECT ON OPERATING PROFIT OF MSEK 7,136
- LOSS FOR THE PERIOD WAS MSEK -5,686 (347).
- DELIVERIES OF IRON ORE TOTALLED 24.2 (26.0) MT.
- THE BOARD PROPOSES TO THE AGM THAT NO DIVIDEND IS PAID TO THE OWNER.

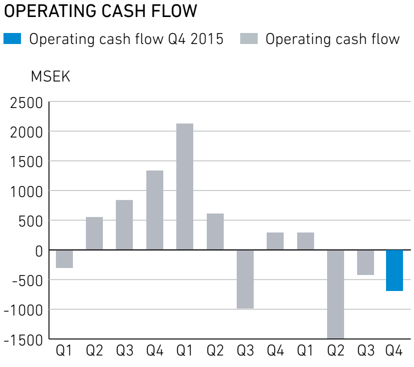
NET SALES AND OPERATING PROFIT



RETURN ON SHAREHOLDERS' EQUITY



OPERATING CASH FLOW



COMMENTS BY THE PRESIDENT AND CEO

FOCUS ON ENHANCED COMPETITIVENESS

The final quarter of 2015 continued with falling iron ore prices, which depressed LKAB's earnings. The market situation is not expected to improve in the immediate future. Efficiency improvements and work to improve competitiveness are therefore continuing at the same fast pace.

China's steel production fell in 2015 by 2.3 percent year on year – the first time that steel production in China has decreased for more than 30 years. In combination with an increase in the supply of iron ore during the year, the price of iron ore has fallen dramatically. In December 2015 the spot price[2] for iron ore fell to a historic low of USD 38/tonne. The average spot price for the quarter was USD 47/tonne.

LKAB´s production volume for the quarter was 6.7 (6.7) Mt and deliveries amounted to 6.8 (6.7) Mt. The proportion of pellets was 82 (83) percent. Production and delivery volumes returned to normal following an extensive maintenance shutdown involving mantle ring replacement at the KK4 pelletizing plant in Kiruna in the third quarter.

The operating loss for the quarter was -351 (205) Mt. By the end of the year the previously announced savings target of MSEK 700 for 2015 had been achieved. Total savings amounted to MSEK 800 for 2015. Personnel reductions equivalent to 400 positions are continuing according to plan and will be completed during the first quarter of 2016. If LKAB is to remain competitive it is crucial to work continuously on efficiency improvements and cost cutting activities.

LKAB's competitiveness is also dependent on successful urban transformation in agreement with Kiruna and Gällivare municipalities. Mining has an impact on the communities where we operate and at the beginning of 2016 compensation principles for acquisitions of property were presented. Costs for urban transformation provisions during the quarter amounted to MSEK 479 (-159). Outstanding obligations at the end of the quarter amounted to MSEK 12,234.

LKAB is in a tough market situation and we need to adapt the company to the new reality. For this reason we are now making radical changes to the organisation, shifting responsibility closer to production. This is necessary in order to cut costs and increase productivity. We must also reduce the costs of external services, consultants and purchasing and review the need of personnel.

A detailed plan will be issued in the second quarter with the goal of reducing costs for 2017 by an amount that exceeds the cost savings realized in 2015.

[2] Platts IODEX 62% Fe CFR North China

Jan Moström
President and CEO

THE LKAB GROUP IN SUMMARY

OPERATIONS – FOURTH QUARTER

	Q4 2015	Q4 2014	Change
Net sales, MSEK	4,252	4,662	-410
Underlying operating profit/loss[3], MSEK	128	46	82
Urban transformation expenses, MSEK	-479	159	-638
Impairment of property, plant and equipment, MSEK			
Operating profit/loss, MSEK	-351	205	-556
Profit/Loss from financial items, MSEK	156	-122	278
Profit/Loss before tax, MSEK	-195	82	-277
Profit/Loss for the period, MSEK	-235	-17	-218
Operating cash flow, MSEK	-736	292	-1,028
Capital expenditures in property, plant and equipment, MSEK	1,793	1,635	158
Depreciations, MSEK	-625	-823	198
Production, Mt	6,7	6.7	
Deliveries, Mt	6,8	6.7	0,1
Proportion of pellets, %	82	83	-1
Stocks of finished products, Mt	1,6	0,8	0,8
Gross profit margin, %	0	12	
Operating margin, %	neg	4	

[3] Underlying operating profit is defined as operating profit excluding costs for urban transformation provisions and impairment of property, plant and equipment.

Underlying operating profit for Q4 was MSEK 128 (46), corresponding to an operating margin of 3 (1) percent. Net sales decreased by 9 percent, with price having a negative effect of 24 percent and volume/product mix having a negative effect of 5 percent. A higher average dollar exchange rate had a positive effect of 16 percent and total price and currency hedging activities had a positive effect of 4 percent.

Costs for urban transformation provisions amounted to MSEK 479 (-159).

The production volume was 6.7 (6.7) Mt. Production and delivery volumes returned to normal during the quarter following the extensive maintenance shutdown involving mantle ring replacement at the KK4 pelletizing plant in Kiruna in the third quarter. Deliveries totalled 6.8 (6.7) Mt for the quarter.

Earnings from financial items were higher when compared year-on-year. Returns on fixed income and equities investments and exchange gains were better than in the same period the previous year. During the fourth quarter the financial costs for the urban transformation liability were reassessed, which had a positive effect on net financial items of MSEK 147.

(MSEK)	Q4 2015	Q4 2014	Change
Cash flow from operating activities before change in working capital	715	1,976	-1,261
Change in working capital	333	-70	403
Capital expenditures (net)	1,784	-1,614	-170
Operating cash flow	**-736**	**292**	**-1,028**

Operating cash flow declined year-on-year, mainly due to the fact that a tax rebate of MSEK 1,077 was received in Q4 2014. The negative items in the quarter were countered by a reduction in working capital tied up in accounts receivable and inventories in particular.

External financial liabilities at the end of the quarter were as follows:

	Nominal (MSEK)	Utilised (Nominal)	Available
Credit facilities			
Certificate programme, maturing 2016	5,000	1,000	4,000
Bond programme, maturing 2019	7,000	2,000	5,000
Credit facility	5,000	-	5,000
Total	**17,000**	**3,000**	**14,000**

The certificate programme was expanded by MSEK 200 during the quarter. All credit facilities are subject to 100 percent retention of title.

THE LKAB GROUP IN SUMMARY

OPERATIONS – JANUARY–DECEMBER

	Full year 2015	Full year 2014	Change
Net sales, MSEK	16,200	20,615	-4,415
Underlying operating profit/loss[4], MSEK	1,548	4,002	-2,454
Urban transformation expenses, MSEK	-1,568	-3,432	1,864
Impairment of property, plant and equipment, MSEK	-7,136	-	-7,136
Operating profit/loss, MSEK	-7,156	570	-7,726
Profit/Loss from financial items, MSEK	-115	24	-139
Profit/Loss before tax, MSEK	-7,271	594	-7,865
Profit/Loss for the period, MSEK	-5,686	347	-6,033
Operating cash flow, MSEK	-2,348	2,072	-4,420
Capital expenditures in property, plant and equipment, MSEK	6,354	5,491	863
Depreciations, MSEK	-2,800	-2,866	66
Production, Mt	24,5	25,7	-1,2
Deliveries, Mt	24,2	26,0	-1,8
Proportion of pellets, %	84	83	1
Stocks of finished products, Mt	1,6	0,8	0,8
Gross profit margin, %	neg	9	
Operating margin, %	neg	3	
Net financial indebtedness[5]	3,202	-16	

[4] Underlying operating profit is defined as operating profit excluding costs for urban transformation provisions and impairment of property, plant and equipment.

[5] Net financial indebtedness = interest-bearing liabilities less interest-bearing assets

Underlying operating profit for 2015 was MSEK 1,548 (4,002), corresponding to an operating margin of 10 (19) percent. Net sales decreased by MSEK 4,415 or 21 percent, with price having a negative effect of 28 percent, volume/product mix having a negative effect of 9 percent and currency having a positive effect of 17 percent. Price and currency hedging activities had a negative effect on net sales of 1 percent. The MSEK 700 cost cutting programme for 2015 has been achieved and had a positive effect on operating profit. Total savings amounted to MSEK 800 for 2015.

During the period costs for urban transformation provisions totalled MSEK 1,568 (3,432), which is MSEK 1,864 lower than in the previous year. In 2014 earnings were negatively affected by the costs of the agreement with Kiruna municipality and further urban transformation costs in Malmberget.

In third quarter impairment loss on property, plant and equipment had a negative effect on profit of MSEK 7,136 before tax. After tax, profit was negatively affected by MSEK 5,566. The impairment loss includes LKAB's iron ore operations in Kiruna, Malmberget and Svappavaara including logistics and ports in Narvik and Luleå. Note 2 shows the breakdown by cash-generating unit. The impairment losses do not affect LKAB's cash flow.

Production volume totalled 24.5 (25.7) Mt, which was 5 percent lower when compared year-on-year. The replacement of a mantle ring in one of the pelletizing plants in Kiruna had a negative effect on production volumes of 1.0 Mt. Production was also negatively affected by problems with the supply of raw materials from the underground mines. During 2015 the inventory of finished products has increased from its low level at the end of 2014.

Deliveries of iron ore totalled 24.2 (26.0) Mt, which was 7 percent lower than the same period the previous year due to lower production volumes.

Earnings from financial items were lower when compared year-on-year, mainly due to a lower return on fixed income investments.

Operating cash flow

(MSEK)	Full year 2015	Full year 2014	Change
Cash flow from operating activities before change in working capital	3,694	5,911	-2,217
Change in working capital	162	1,624	-1,462
Capital expenditures (net)	-6,204	-5,463	-741
Operating cash flow	**-2,348**	**2,072**	**-4,420**

Operating cash flow was lower than in the same period last year, mainly due to lower iron ore prices and delivery volumes and increased capital expenditure disbursements. The year-on-year change in working capital is largely due to a reduction in capital tied up in accounts receivable in 2014 because of falling prices.

THE STEEL AND IRON ORE MARKET

The global steel and iron ore industry

Global production of crude steel decreased in the fourth quarter by 5 percent, compared with the same period last year. The price trend for steel remained weak during the quarter. The steel market remained under pressure and subdued demand in China favoured exports of Chinese steel to other markets, which contributed to the negative price trend.

Despite decreasing global production of crude steel, demand for LKAB's products remains stable, but customers do not have the capacity to take uncontracted volumes.

In november 2015, the Brazilian pellet producer Samarco suffered a significant dam accident, which may temporarilyreduce the supply of pellets with about 30 Mt yearly.

Europe

Production of crude steel within the EU28 fell by 7 percent during Q4, compared with the same period last year. The uncertainty surrounding demand for steel remains, but the car industry in Europe is still doing well thanks to strong domestic demand.

Middle East and North Africa (MENA)

Production of crude steel fell by 12 percent during the fourth quarter, compared with the same period last year. Low oil prices and political unrest are contributing to the situation in MENA remaining uncertain.

USA

Production of crude steel decreased by 16 percent during Q4, compared with the same period last year. The slow running down of stocks and continued relatively high steel imports are eliminating underlying demand and depressing steel production. High steel imports combined with low scrap prices are continuing to depress steel prices.

China

Production of crude steel fell by 3 percent during Q4, compared with the same period last year. Domestic demand for steel remains weak, which has resulted in high exports of steel. China's iron ore imports amounted to 254 Mt in Q4, an increase of 9 percent as compared year-on-year. The increased iron ore imports have not had a positive impact on the iron ore price. During the quarter, port inventories of iron ore in China increased from around 80 Mt to 95 Mt. In historical terms inventory levels remain relatively low, taking into consideration crude steel production per month.

Iron ore spot price developments

Q4 began with a spot price[6] of USD 55/tonne. The spot price then fell consistently during the quarter, reaching a low of USD 38/tonne in mid-December. The price then recovered, ending the quarter at USD 43/tonne. The average for Q4 was USD 47/tonne, which was a decrease of 15 percent compared with last quarter.

[6]Platts IODEX 62% Fe CFR North China

IRON ORE SPOT PRICE DEVELOPMENTS

January 1, 2009 - December 31, 2015

Source: PLATTS IODEX 62% Fe CFR North China

MINING DIVISION

OPERATIONS SUMMARY

	Q4 2015	Q4 2014	Full year 2015	Full year 2014
Net sales, MSEK	3,928	4,218	14,782	19,013
Underlying operating profit[7], MSEK	12	70	1,102	3,655
Urban transformation expenses, MSEK	-479	159	-1,568	-3,432
Impairment of property, plant and equipment, MSEK			-7,136	
Operating profit/loss, MSEK	-467	229	-7,602	223
Gross profit margin, %	neg	12	neg	6
Operating margin, %	neg	5	neg	1
Production, Mt	6,7	6,7	24,5	25,7
Deliveries, Mt	6,8	6,7	24,2	26,0
Proportion of pellets, %	82	83	84	83

[7] Underlying operating profit is defined as operating profit excluding costs for urban transformation provisions and impairment of property, plant and equipment.

Fourth quarter

Underlying operating profit was MSEK 12 (70), corresponding to an operating margin of 0 (2) percent. Net sales decreased by 7 percent, with price having a negative effect of 28 percent, volume/product mix having a positive effect of 1 percent and currency having a positive effect of 16 percent. Price and currency hedging increased net sales by 4 percent.

Costs for urban transformation provisions amounted to MSEK 479 (-159).

The production volume was 6.7 (6.7) Mt. Production and delivery volumes returned to normal during the quarter following the extensive maintenance shutdown involving mantle ring replacement at the KK4 pelletizing plant in Kiruna in the third quarter. Deliveries during the quarter totalled 6.8 (6.7) Mt.

Full year

Underlying operating profit was MSEK 1,102 (3,655), corresponding to an operating margin of 7 (19) percent. Net sales decreased by 22 percent, with price having a negative effect of 31 percent, volume/product mix having a negative effect of 7 percent and currency having a positive effect of 17 percent. Price and currency hedging decreased net sales by 1 percent. The MSEK 700 cost cutting programme implemented had been achieved and has had a positive impact on operating income. Total savings amounted to MSEK 800 for 2015.

During the period costs for urban transformation provisions totalled MSEK 1,568 (3,432), which is MSEK 1,864 lower than in the previous year. In 2014 earnings were negatively affected by the costs of the agreement with Kiruna municipality and further urban transformation costs in Malmberget.

In the third quarter impairment loss on property, plant and equipment had a negative effect on profit of MSEK 7,136 before tax. After tax, profit was negatively affected by MSEK 5,566. The impairment loss includes LKAB's iron ore operations in Kiruna, Malmberget and Svappavaara including logistics and ports in Narvik and Luleå. Note 2 shows the breakdown by cash-generating unit. The impairment losses do not affect LKAB's cash flow.

Production volume totalled 24.5 (25.7) Mt, which was 5 percent lower when compared year-on-year. The replacement of a mantle ring in one of the pelletizing plants in Kiruna had a negative effect on production volumes of 1.0 Mt. Production was also negatively affected by problems with the supply of raw materials from the underground mines. During 2015 the inventory of finished products has increased from its low level at the end of 2014.

Deliveries of iron ore totalled 24.2 (26.0) Mt, which was 7 percent lower than the same period the previous year due to lower production volumes.

MINERALS DIVISION

OPERATIONS SUMMARY

	Q4 2015	Q4 2014	Full year 2015	Full year 2014
Net sales, MSEK	342	529	1,534	1,870
Operating profit/loss, MSEK	3	65	134	212
Gross profit margin, %	17	19	18	18
Operating margin, %	1	12	9	11

Net sales decreased by 35 percent for the quarter and 18 percent for the full year when compared year-on-year. This is mainly due to a decrease in magnetite sales. Sales of processed and customised magnetite products still have good margins and contribute 61 percent of operating profit for the full year. The lower demand is due mainly to the oil and gas industry being more reluctant to invest and to lower growth in China. This in turn is depressing demand in a number of industries that consume minerals globally.

Operating profit in Q4 was affected by non-recurring costs in the form of inventory write-downs, provisions and restructuring costs which amounted to MSEK 24 in total. The restructuring costs relate to a planned programme, but to a certain extent were accentuated by the current market situation in certain business areas. One production unit in the UK was closed during the year, and at the Chinese production unit a product line was closed down. In total, these measures reduced the workforce by 42 positions compared with the start of the year.

SPECIAL BUSINESSES DIVISION

OPERATIONS SUMMARY

	Q4 2015	Q4 2014	Full year 2015	Full year 2014
Net sales, MSEK	530	468	2,005	1,732
Operating profit/loss, MSEK	33	41	188	153
Gross profit margin, %	6	20	14	15
Operating margin, %	6	9	9	9

Operating profit for 2015 was higher than last year, primarily due to increased volumes for LKAB Berg & Betong for the Mining Division. In Q4 operating profit was negatively affected by, among other things, lower volumes and profitability within rock reinforcement.

LKAB – PARENT COMPANY

OPERATIONS SUMMARY

	Q4 2015	Q4 2014	Full year 2015	Full year 2014
Net sales, MSEK	3,935	4,214	14,770	18,970
Underlying operating profit[8], MSEK	5	11	1,010	3,520
Urban transformation expenses, MSEK	-479	159	-1,568	-3,432
Impairment of property, plant and equipment, MSEK			-6,096	-
Operating profit/loss, MSEK	-474	170	-6,654	88
Capital expenditures in property, plant and equipment, MSEK	1,673	1,609	5,817	4,857
Liquidity, MSEK			14,138	16,408
Gross profit margin, %	neg	10	neg	6
Operating margin, %	neg	4	neg	0

[8] Underlying operating profit is defined as operating profit excluding costs for urban transformation provisions and impairment of property, plant and equipment.

Fourth quarter

Underlying operating profit was MSEK 5 (11), corresponding to an operating margin of less than 1 percent in both years. Net sales decreased by 7 percent, with price having a negative effect of 28 percent, volume/product mix having a positive effect of 1 percent and currency having a positive effect of 16 percent. Price and currency hedging increased net sales by 4 percent.

Costs for urban transformation provisions amounted to MSEK 479 (-159).

The production volume was 6.7 (6.7) Mt. Production and delivery volumes returned to normal during the quarter following the extensive maintenance shutdown involving mantle ring replacement at the KK4 pelletizing plant in Kiruna in the third quarter. Deliveries during the quarter totalled 6.8 (6.7) Mt.

Full year

Underlying operating profit was MSEK 1,010 (3,520), corresponding to an operating margin of 7 (19) percent. Net sales decreased by 22 percent, with price having a negative effect of 31 percent, volume/product mix having a negative effect of 7 percent and currency having a positive effect of 17 percent. Price and currency hedging decreased net sales by 1 percent. The MSEK 700 cost cutting programme implemented had been achieved and has had a positive impact on operating income. Total savings amounted to MSEK 800 for 2015.

During the period costs for urban transformation provisions totalled MSEK 1,568 (3,432), which is MSEK 1,864 lower than in the previous year. In 2014 profit was negatively affected by the costs of the agreement with the municipality of Kiruna and further urban transformation costs in Malmberget.

In the third quarter impairment loss on property, plant and equipment had a negative effect on profit of MSEK 6,096 before tax. After tax, profit was negatively affected by MSEK 4,755. The impairment loss includes LKAB's iron ore operations in Kiruna, Malmberget and Svappavaara including logistics and ports in Narvik and Luleå. Note 2 shows the breakdown by cash-generating unit. The impairment losses do not affect LKAB's cash flow.

Production volume totalled 24.5 (25.7) Mt, which was 5 percent lower when compared year-on-year. The replacement of a mantle ring in one of the pelletizing plants in Kiruna had a negative effect on production volumes of 1.0 Mt. Production was also negatively affected by problems with the supply of raw materials from the underground mines. During 2015 the inventory of finished products has increased from its low level at the end of 2014.

Deliveries of iron ore totalled 24.2 (26.0) Mt, which was 7 percent lower than the same period the previous year due to lower production volumes.

TRANSACTIONS WITH RELATED PARTIES

No transactions that have significantly affected the company's financial position and earnings took place between LKAB and related parties.

EVENTS AFTER THE END OF THE REPORTING PERIOD

Since January 2016 LKAB has had a new Group structure that is to be implemented throughout the Group over the year.

The new Group structure splits the business into three divisions. The Production North division comprises the mine and processing plant in Kiruna, while the Production South division consists of mines and processing plants in Malmberget and Svappavaara. Meanwhile LKAB's main operations other than the iron ore business, LKAB Minerals and LKAB Wassara, form the Special Products division. To support the divisions, Group functions are being created for Finance, HR and Sustainability, Operational Support and Business Development, and Marketing and Logistics.

There are no other significant events to report since the end of the reporting period.

RISKS AND UNCERTAINTY FACTORS

LKAB is exposed to various risks. Risk management plays a vital part in minimizing the impact of factors that lie beyond the Group's control. The Group employs methods for evaluating and limiting these risks by ensuring that they are managed according to approved guidelines and methods.

LKAB works actively to identify, analyse and control how various types of risks affect our business and how we can best avoid or confront them. Effective risk management is a business-critical success factor.

Major risks are LKAB's volume dependency, the price of iron ore products and transaction exposure in USD.

For further information concerning risks, please refer to LKAB's 2014 Annual Report.

SIGNIFICANT ASSUMPTIONS AND ESTIMATES

The preparation of financial statements requires management and the Board of Directors to make assessments and assumptions that affect recognised assets, liabilities, income and expenses and other information provided, such as contingent liabilities. For further information concerning these, please refer to LKAB's 2014 Annual Report.

During the year property, plant and equipment were tested for impairment. Note 2 of this interim report details how this was performed.

OUTLOOK FOR 2016

LKAB expects the market situation to remain largely unchanged in 2016; in other words, that the oversupply situation in iron ore fines will remain, putting pressure on iron prices and thus also on LKAB's profitability.

With iron ore prices expected to remain low, LKAB is intensifying its adaptation work, focusing on productivity improvements and cost cutting in order to improve competitiveness. Both ongoing and planned capital expenditures are being revised continuously. A detailed plan will be issued in the second quarter with the goal of reducing costs for 2017 by an amount that exceeds the cost savings realized in 2015.

The strategy to maximize pellet production remains in place. Demand for LKAB's pellet products is expected to be stable, while the supply on the market is limited by the fact that Samarco, one of the world's biggest producers of iron ore pellets, currently has no production following the dam accident in Brazil in November 2015.

Urban transformation work will continue in 2016 and will include negotiations with Gällivare municipality, among other things. Further urban transformation provisions will be charged to earnings during the year.

THE BOARD'S DIVIDEND PROPOSAL

In view of the negative results, the Board proposes that in accordance with the dividend policy, no dividend is paid to the owner for the 2015 financial year.

ACCOUNTING PRINCIPLES

This interim report was prepared in accordance with IAS 34, Interim Financial Reporting, and applicable regulations in the Annual Accounts Act. The interim report for the Parent Company was prepared in accordance with Chapter 9 of the Annual Accounts Act, Interim Reporting.

All amounts in this interim report are presented in SEK millions (MSEK) unless otherwise indicated. Rounding differences may occur.

The accounting principles applied in this interim report conform with the accounting principles applied in the preparation of the 2014 Annual Report. New and amended standards and interpretations from the IASB have had no impact on consolidated earnings, financial position or formulation of the interim report. There have been no significant changes in the structure of the Group during the period.

The Board of Directors and the Chief Executive Officer hereby confirm that this interim report provides a true and fair representation of the operations, financial position and results of the Parent Company and the Group, and describes significant risks and uncertainties faced by the company.

This report was not subject to specific review by the company's auditors.

Luleå, 15 February 2016
Luossavaara-Kiirunavaara AB (plc)

Jan Moström
President and CEO

FINANCIAL INFORMATION	DATE
Annual report 2015	31 March 2016
Annual General Meeting	28 April 2016
Interim report Q1 2016	28 April 2016
Interim report Q2 2016	12 August 2016
Interim report Q3 2016	26 October 2016
Year-end report	February 2017

Reports are available at www.lkab.com.
Any questions concerning the Interim Report may be directed to Jan Moström, President and CEO, +46 920 381 06, or Claes Rasmuson, Acting Senior Vice President, Finance, +46 920 381 41.

CONSOLIDATED INCOME STATEMENT

(MSEK)	Q4 2015	Q4 2014	Full year 2015	Full year 2014
Net sales	4,252	4,662	16,200	20,615
Cost of goods sold	-4,264	-4,125	-22,280	-18,781
Gross Profit/Loss	**-11**	**537**	**-6,080**	**1,834**
Selling expenses	-46	-46	-165	-151
Administrative expenses	-150	-153	-512	-596
Research and development expenses	-115	-129	-365	-451
Other operating income	44	82	318	311
Other operating expenses	-73	-83	-354	-377
Operating profit/loss	**-351**	**205**	**-7,156**	**570**
Financial income	163	83	293	519
Financial expenses	-7	-205	-408	-495
Net financial income/expense	**156**	**-122**	**-115**	**24**
Profit/Loss before tax	**-195**	**82**	**-7,271**	**594**
Tax	40	-99	1,585	-247
Profit/Loss for the period	**-235**	**-17**	**-5,686**	**347**
Attributable to Parent Company shareholders	-235	-17	-5,686	347
Earnings per share before and after dilution (SEK)	-335	-24	-8,122	496
Number of shares	700,000	700,000	700,000	700,000

CONSOLIDATED COMPREHENSIVE INCOME

(MSEK)	Q4 2015	Q4 2014	Full year 2015	Full year 2014
Profit/Loss for the period	**-235**	**-17**	**-5,686**	**347**
Other comprehensive income for the period				
Items that will not be reclassified to profit for the year				
Actuarial gains and losses	141	-51	173	-284
Tax attributable to actuarial gains and losses	-31	11	-38	62
Total items that will not be reclassified to profit for the year	**110**	**-40**	**135**	**-222**
Items that will be reclassified to profit for the year				
Gains/losses on translation of foreign entities for the period	-61	-8	-85	74
Change in fair value of available-for-sale financial assets for the period	-74	-201	-284	-45
Changes in fair value of cash flow hedges for the period	124	-74	126	-410
Changes in fair value of cash flow hedges reclassified to profit for the year	-77	-15	414	-67
Tax attributable to components of cash flow hedges	-11	20	-119	105
Total items that will be reclassified to profit for the year	**-99**	**-278**	**52**	**-343**
Other comprehensive income	**11**	**-318**	**187**	**-565**
Comprehensive income attributable to Parent Company shareholders for the period	**-224**	**-335**	**-5,499**	**-218**

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

(MSEK)	31 Dec 2015	31 Dec 2014
ASSETS		
Non-current assets		
Intangible assets	215	228
Property, plant and equipment for operations (Note 2)	32,462	36,201
Property, plant and equipment for urban transformation (Note 2)	2,235	3,328
Shares in associated companies	45	0
Financial investments	581	912
Deferred tax asset	19	44
Non-current receivables	0	62
Total non-current assets	**35,558**	**40,775**
Current assets		
Inventories	2,915	2,553
Accounts receivables	1,320	1,908
Prepaid expenses and accrued income	282	158
Other current receivables	1,392	876
Current investments	10,225	11,505
Cash and cash equivalents	4,335	5,358
Total current assets	**20,470**	**22,358**
TOTAL ASSETS	**56,028**	**63,133**
EQUITY AND LIABILITIES		
Equity		
Share capital	700	700
Reserves	152	100
Retained earnings including profit for the year	31,264	36,954
Equity attributable to Parent Company shareholders	**32,116**	**37,754**
Total equity	**32,116**	**37,754**
Non-current liabilities		
Non-current interest-bearing liabilities	1,996	1,995
Provisions for pensions and similar commitments	1,860	2,156
Provisions for urban transformation	10,951	9,644
Other provisions	1,178	1,167
Deferred tax liabilities	1,915	3,423
Total non-current liabilities	**17,900**	**18,385**
Current liabilities		
Liabilities to credit institutions	1,000	798
Trade payables	1,573	1,691
Other current liabilities	443	1,121
Accrued expenses and deferred income	1,506	1,207
Provisions for urban transformation	1,283	2,039
Other provisions	152	138
Total current liabilities	**6,011**	**6,994**
Total liabilities	**23,911**	**25,379**
TOTAL EQUITY AND LIABILITIES	**56,028**	**63,133**

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Equity attributable to Parent Company					
		Reserves				
(MSEK)	Share capital	Translation reserve	Fair value reserve	Hedging reserve	Retained earnings incl. profit for the year	Total equity
Opening equity 1 Jan 2014	**700**	**-139**	**526**	**56**	**40,329**	**41,472**
Profit for the year					347	347
Other comprehensive income for the year		74	-45	-372	-222	-565
Comprehensive income for the year		**74**	**-45**	**-372**	**125**	**-218**
Dividend					-3,500	-3,500
Closing equity 31 Dec 2014	**700**	**-65**	**481**	**-316**	**36,954**	**37,754**

	Equity attributable to Parent Company					
		Reserves				
(MSEK)	Share capital	Translation reserve	Fair value reserve	Hedging reserve	Retained earnings incl. profit for the year	Total equity
Opening equity 1 Jan 2015	**700**	**-65**	**481**	**-316**	**36,954**	**37,754**
Loss for the period					-5,686	-5,686
Other comprehensive income for the period		-85	-284	421	135	187
Comprehensive income for the period		**-85**	**-284**	**421**	**-5,551**	**-5,499**
Dividend					-139	-139
Closing equity 31 Dec 2015	**700**	**-150**	**197**	**105**	**31,264**	**32,116**

CONSOLIDATED STATEMENT OF CASH FLOW

(MSEK)	Q4 2015	Q4 2014	Full year 2015	Full year 2014
Operating activities				
Profit/Loss before tax	-195	82	-7,271	594
Adjustment for items not included in cash flow	974	942	11,581	6,719
Income tax paid	-13	1,063	-315	-48
Expenditures, urban transformation	-51	-111	-291	-1,354
Payment to retirement benefit plan			-10	
Cash flow from operating activities before changes in working capital	**715**	**1,976**	**3,694**	**5,911**
Cash flow from changes in working capital				
Increase (-)/Decrease (+) in inventories	108	-223	-362	59
Increase (-)/Decrease (+) in operating receivables	-270	-538	300	1,222
Increase (+)/Decrease (-) in operating liabilities	495	691	224	343
Change in working capital	**333**	**-70**	**162**	**1,624**
Cash flow from operating activities	**1,048**	**1,906**	**3,856**	**7,535**
Investing activities				
Acquisition of property, plant and equipment	-1,793	-1,635	-6,354	-5,491
Disposal of property, plant and equipment	9	21	150	28
Acquisition/divestment of financial assets	1,193	-678	1,357	-703
Cash flow from investing activities	**-591**	**-2,292**	**-4,847**	**-6,166**
Financing activities				
Borrowing	200	1,995	204	2,793
Adjustment of other provisions	-96		-96	
Dividends paid to Parent Company shareholders			-139	-3,500
Cash flow from financing activities	**104**	**1,995**	**-31**	**-707**
Cash flow for the period	**561**	**1,609**	**-1,022**	**662**
Cash and cash equivalents at start of period	3,775	3,749	5,358	4,696
Cash and cash equivalents at end of period	4,335	5,358	4,335	5,358
Change in cash and cash equivalents	**561**	**1,609**	**-1,022**	**662**
Sub-components of cash and cash equivalents				
Cash and bank balances			2,548	2,623
Current investments (maturity <90 days)			1,787	2,735
Cash and cash equivalents			**4,335**	**5,358**
LIQUIDITY				
Cash and cash equivalents			4,335	5,358
Current investments (maturity >90 days <1 year)			10,225	11,505
Liquidity for the period			**14,560**	**16,863**

OPERATING CASH FLOW

(MSEK)	Q4 2015	Q4 2014	Full year 2015	Full year 2014
Cash flow from operating activities	**1,048**	**1,906**	**3,856**	**7,535**
Acquisition of property, plant and equipment	-1,793	-1,635	-6,354	-5,491
Disposal of property, plant and equipment	9	21	150	28
Operating cash flow (excluding current investments)	**-736**	**292**	**-2,348**	**2,072**
Acquisition/divestment of financial assets	1,193	-678	1,357	-703
Cash flow from financing activities	104	1,995	-31	-707
Cash flow for the period	**561**	**1,609**	**1,022**	**662**

PERSONNEL

	Full year 2015	Full year 2014
Average number of employees	4,463	4,539
– of whom women	887	896
– of whom men	3,576	3,643

KEY RATIOS IN PERCENT

	Full year 2015	Full year 2014
Gross profit margin	neg	8,9
Profit margin	neg	2,9
Return on equity	neg	0,9
Net debt/equity ratio	10,0	0,0

Definitions

Gross profit margin: Gross profit as a percentage of net sales for the period.

Profit margin: Profit after financial items as a percentage of net sales for the period.

Return on equity: Profit after tax as a percentage of average equity (rolling 12-month figures).

Net debt/equity ratio: Difference between interest-bearing liabilities and interest-bearing assets divided by equity.

LKAB – PARENT COMPANY

INCOME STATEMENT

(MSEK)	Q4 2015	Q4 2014	Full year 2015	Full year 2014
Net sales	3,935	4,214	14,770	18,970
Cost of goods sold	-4,162	-3,784	-20,675	-17,911
Gross profit/loss	**-227**	**430**	**-5,905**	**1,059**
Selling expenses	-18	-19	-51	-69
Administrative expenses	-105	-116	-343	-447
Research and development expenses	-122	-131	-373	-453
Other operating income	4	7	36	72
Other operating expenses	-5	-1	-17	-74
Operating profit/loss	**-474**	**170**	**-6,654**	**88**
Profit/loss from financial items	**62**	**-33**	**-52**	**371**
Profit after financial items	**-412**	**137**	**-6,706**	**459**
Appropriations	1,645	535	1,645	535
Profit/loss before tax	**1,233**	**672**	**-5,061**	**994**
Tax	-312	-189	1,082	-272
Profit/Loss for the period	**921**	**483**	**-3,979**	**722**

STATEMENT OF COMPREHENSIVE INCOME

(MSEK)	Q4 2015	Q4 2014	Full year 2015	Full year 2014
Profit/Loss for the period	921	483	-3,979	722
Other comprehensive income for the period				
Comprehensive income for the period	**921**	**483**	**-3,979**	**722**

BALANCE SHEET

(MSEK)	31 Dec 2015	31 Dec 2014
ASSETS		
Non-current assets		
Intangible assets	38	36
Property, plant and equipment for operations	27,076	29,485
Property, plant and equipment for urban transformation	2,235	3,328
Financial assets		
Participations in subsidiaries	1,884	1,768
Shares in associated companies	40	0
Receivables from subsidiaries	1,242	1,545
Other non-current securities	131	129
Other non-current receivables	107	134
Deferred tax asset	1,960	872
Total financial assets	**5,365**	**4,448**
Total non-current assets	**34,714**	**37,297**
Current assets		
Inventories	2,277	1,940
Current receivables		
Accounts receivable	1,063	1,385
Receivables from subsidiaries	1,324	1,450
Other current receivables	961	729
Prepaid expenses and accrued income	296	115
Total current receivables	**3,645**	**3,679**
Current investments	11,800	14,035
Cash and bank balances	2,338	2,373
Total current assets	**20,060**	**22,027**
TOTAL ASSETS	**54,774**	**59,324**

BALANCE SHEET

(MSEK)	31 Dec 2015	31 Dec 2014
EQUITY AND LIABILITIES		
Equity		
Restricted equity		
Share capital (700,000 shares)	700	700
Statutory reserve	697	697
Non-restricted equity		
Retained earnings	20,003	19,420
Profit for the period	-3,979	722
Total equity	**17,422**	**21,539**
Untaxed reserves	16,624	18,144
Provisions		
Provisions for urban transformation	10,951	9,644
Other provisions	1,526	1,490
Total provisions	**12,478**	**11,134**
Non-current liabilities		
Bond loans	1,996	1,995
Total non-current liabilities	**1,996**	**1,995**
Current liabilities		
Liabilities to credit institutions	1,000	798
Trade payables	1,099	1,236
Liabilities to subsidiaries	1,170	883
Other current liabilities	204	420
Accrued expenses and deferred income	1,346	998
Provisions for urban transformation	1,283	2,039
Other provisions	152	138
Total current liabilities	**6,254**	**6,512**
TOTAL EQUITY AND LIABILITIES	**54,774**	**59,324**
Pledged assets	727	808
Contingent liabilities	240	212

KEY RATIOS IN PERCENT

(MSEK)	31 Dec 2015	31 Dec 2014
Gross profit margin	neg	5,6
Profit margin	neg	2,4
Return on equity	neg	1,9

Definitions

Gross profit margin: Gross profit as a percentage of net sales for the period.

Profit margin: Profit after financial items as a percentage of net sales for the period.

Return on equity: Profit after tax as a percentage of average equity (rolling 12-month figures).

Note 1 Disclosures regarding financial instruments

Fair value – financial instruments
The table below shows how fair value is determined for the financial instruments measured at fair value in the statement of financial position. Fair value is determined based on three levels.

Level 1: based on prices listed on an active market for the same instruments
Level 2: based on directly or indirectly observable market data not included in level 1
Level 3: based on input data not observable in the market

Group 31 December 2015

(MSEK)	Level 1	Level 2	Level 3	Total
Shares, financial assets	279			279
Shares, current holdings		3,014		3,014
Interest-bearing instruments, short-term holding		7,211		7,211
Cash and cash equivalents (short-term investments with maturities under three months)		1,787		1,787
Derivatives, cash flow hedges	244	-70		174
Total	**523**	**11,942**		**12,465**

Group 31 December 2014

(MSEK)	Level 1	Level 2	Level 3	Total
Shares, financial assets	614			614
Shares, current holdings		2,179		2,179
Interest-bearing instruments, short-term holding		9,222		9,222
Cash and cash equivalents (short-term investments with maturities under three months)		2,735		2,735
Derivatives, cash flow hedges		-586		-586
Total	**614**	**13,550**		**14,164**

Fair value calculation
The following summarizes the methods and assumptions mainly used in determining the fair value of financial instruments reported in the table above.
No transfers have been made between Levels 1 and 2.

Level 1
The fair values of listed financial assets correspond to the assets' listed price at the end of the reporting period.

Level 2
Interest-bearing instruments
Share index bonds were valued using listed market data from the interest and derivatives market. This category also includes certificates valued on the basis of defined market-priced yield curves.

Derivatives
The fair values of the derivative contracts is calculated using generally accepted measurement models based on official quotations obtained from Bloomberg.

Fair value of other receivables and liabilities
The carrying amount of other receivables and liabilities is estimated to be a reasonable approximation of fair value.

Note 2 Impairment testing

LKAB's assets are tested regularly for impairment and when there is an indication that the assets have decreased in value. In view of the substantial downturn in the iron ore price, which LKAB expects to be long-term, impairment testing was performed during Q3 2015. As a result of this testing, impairment losses of MSEK 7,136 were charged to operating profit before tax for Q3 2015 in respect of property, plant and equipment. After tax, profit is negatively affected by MSEK 5,566.

Impairment testing process
Impairment testing was carried out by calculating the value in use for cash-generating units within LKAB's iron ore operations in Kiruna, Malmberget and Svappavaara, including logistics and ports in Luleå and Narvik.The breakdown by cash-generating unit is shown in the table below.

	Group		Parent Company	
(MSEK)	2015	2014	2015	2014
Kiruna	-3 642		-3 086	
Malmberget	-1 725		-1 517	
Svappavaara	-1 769		-1 493	
Effect on operating profit/loss	-7 136		-6 096	
Tax effect	1 570		1 341	
Effect on result	-5 566		-4 755	

The cash flow forecasts on which the values in use were calculated were based on management assumptions concerning long-term iron ore prices, the USD/SEK exchange rate and levels of capital expenditure, among other things.

The future cash flows were discounted to value in use using a discount rate of 10.3 percent before tax. The calculation of value in use indicates a high level of sensitivity to changes in assumptions regarding iron ore prices, the USD/SEK exchange rate, levels of capital expenditure and the discount rate. For example, a 1.0 percentage point increase in the discount rate would require an additional impairment loss of approximately SEK 3 billion.

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