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Interim Report January–March 2024: Profits significantly down due to derailments on the Iron Ore Line

Operating profit for the first quarter 2024 was down by SEK 3.8 billion and amounted to SEK 1.4 billion. This was a result of the stoppage on the Iron Ore Line, which prevented deliveries from being made. Consequently, operating cash flow was negative during the quarter at SEK -1.5 billion.

The derailments on the Iron Ore Line had very major effects on results for the first quarter. Net sales more than halved compared with the same period last year, amounting to MSEK 5,471 (11,955), while operating profit fell to MSEK 1,370 (5,186). The deterioration in earnings meant that cash flow was negative for the period and amounted to MSEK -1,464 (3,163).

The average global spot price for iron ore products remained at a high level and was flat compared with the same period the previous year at USD 124 (125) per tonne for the quarter, which was USD 6 lower than in the fourth quarter of 2023. At the end of the quarter the price was USD 103 per tonne. Quoted pellet premiums were in line with the same period the previous year.

The derailments on the Iron Ore Line that caused services to come to a standstill for 76 days had a significant effect on deliveries during the quarter, which therefore amounted to only 3.0 (6.7) Mt. Production for the quarter amounted to 6.7 (6.9) Mt.

As a result of the limited capacity on the Iron Ore Line, LKAB has announced that it is cutting back production by around a million tonnes annually. Unless sufficient delivery capacity can be ensured going forward, however, there is a risk that the operations may be impacted further in the form of a pelletising plant and associated concentrating plant and mine production being forced to close.

“Optimising the use of the Iron Ore Line and structural changes are both necessary in order to realise our expansion plan and the investments ahead of us that will allow us to utilise the huge mineral resources that we have. We are working intensively with the Swedish Transport Administration and the Norwegian railway administration BaneNor so

that we can finally generate the necessary cash flows again. SSAB's recent investment decision to transform its operations in Luleå confirms the need for our transformation in Gällivare and our contribution to a sustainable value chain for the climate," says Jan Moström, President and CEO.