

HIGH DELIVERIES AND PRICES RESULT IN STRONG EARNINGS

With high delivery volumes and rising global iron ore prices, LKAB is reporting strong earnings both for the fourth quarter and for full-year 2020. In the fourth quarter LKAB increased both net sales and operating profit when compared year on year. Sales amounted to MSEK 9,082 (6,947) and operating profit totalled MSEK 3,625 (2,047).

OPERATIONS – FOURTH QUARTER

MSEK	Note	Q4 2020	Q4 2019	Full year 2020	Full year 2019
Net sales	3, 4	9,082	6,947	33,914	31,260
Operating profit/loss		3,625	2,047	11,654	11,788
Net financial income/expense		321	67	797	1,136
Profit/loss before tax		3,945	2,113	12,452	12,924
Profit/loss for the period		3,079	1,630	9,757	10,173
Costs for urban transformation provisions		-82	-93	-1,396	-1,441
Operating cash flow		1,622	1,302	6,038	6,981
Investments in fixed assets		929	735	2,763	2,373
Depreciation		-867	-788	-3,136	-2,907
Deliveries of iron ore products, Mt		7.0	6.5	28.5	24.9
Proportion of pellets, %		83	81	84	83
Production of iron ore products, Mt		6.8	7.2	27.1	27.2
Return on equity, %	9			20.8	24.2
Net debt/equity ratio, %	9			-3.0	-0.9 ¹

- The production volume for the quarter was lower than in the same period last year and amounted to 6.8 (7.2) Mt. Volumes were affected mainly by an extended maintenance shutdown in Kiruna.
- Delivery volumes remained at a high level in the quarter and amounted to 7.0 (6.5) Mt, with the proportion of pellets at 83 (81) percent.
- Operating profit for the fourth quarter increased to MSEK 3,625 (2,047). Higher prices for highly upgraded iron ore products were offset by a lower dollar exchange rate and higher costs. The cost increases relate mainly to crushed ore handling associated with the seismic event in Kiruna, extended maintenance shutdowns and continued investments in exploration and development programmes.
- The average global spot price² for iron ore products in the fourth quarter was USD 134 (89)/tonne, which was USD 16 higher than in the third quarter 2020. The price at the end of the quarter was USD 159/tonne. Quoted pellet premiums were on average USD 9 lower in the fourth quarter year-on-year.
- Operating cash flow for the fourth quarter was MSEK 1,622 (1,302).
- The return on equity was 20.8 (24.2) percent.
- The net debt/equity ratio was -3.0 (-0.9) percent.
- The Board of Directors is proposing to the Annual General Meeting that an ordinary dividend is paid amounting to MSEK 5,850.

¹New calculation of net debt/equity ratio effective from 2020 – see also Note 9.

²Platts IODEX 62% Fe CFR North China



→ Our profitability is based on high volumes and production efficiency and is essential for LKAB's future investments for carbon-free and competitive operations beyond 2060.

6.8 Mt

Produced during the quarter

7.0 Mt

Delivered during the quarter

83%

Percentage of pellets for the quarter

NET SALES AND OPERATING PROFIT/LOSS

ANALYSIS OF CHANGE IN OPERATING PROFIT/LOSS MSEK	Q4	Q1–Q4
Operating profit 2019	2,047	11,788
Iron ore prices incl. hedging	3,023	-117
Currency effect, iron ore incl. hedging of accounts receivable	-1,125	-1,321
Volume and mix, iron ore	61	2,403
Volume, price and currency, industrial minerals	-16	-73
Costs for urban transformation provisions	11	45
Depreciation	-79	-229
Other income and expenses	-297	-842
Operating profit 2020	3,625	11,654

Sales for the fourth quarter increased by 31 percent or MSEK 2,135 in a year-on-year comparison. Higher prices for highly upgraded iron ore products were offset by a lower dollar exchange rate. The average spot price for iron ore for the quarter was a high USD 134 (89)/tonne. Somewhat lower premiums for highly upgraded products when compared year on year had a negative effect.

Operating profit for the quarter was also affected by higher costs, including for securing the supply of crushed ore following the seismic event that occurred in the Kiruna mine in May and an extended maintenance shutdown for more extensive maintenance work as well as measures to limit the spread of Covid-19. Increased investments for the future in the form of exploration and development programmes also contributed to the increased costs for the quarter.

Sales for the full year were eight percent higher than in the previous year, with higher delivery volumes offset by a lower dollar exchange rate. The average spot price for iron ore during the year was USD 109 (93)/tonne. Quoted pellet premiums were on average USD 26 lower in 2020, which overall had a negative effect on prices compared with the previous year.

The cost level, excluding provisions for urban transformation and volume effects, was higher than in the previous year, mainly as a result of the seismic event in the mine in Kiruna and extended maintenance shutdowns. Increased investments for the future in the form of exploration and development programmes also contributed to the increased costs for the year. Operating profit for 2020 was at the same level as in the previous year, amounting to MSEK 11,654 (11,788).

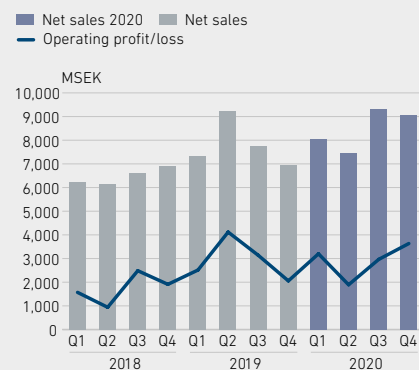
CASH FLOW

MSEK	Q4 2020	Q4 2019	Full year 2020	Full year 2019
Cash flow from operating activities before expenditure on urban transformation and changes in working capital	4,149	2,316	13,707	13,053
Expenditures, urban transformation	-1,113	-515	-4,191	-2,624
Cash flow from operating activities before change in working capital	3,036	1,801	9,516	10,429
Change in working capital	-452	295	-553	-960
Capital expenditures (net)	-927	-739	-2,693	-2,252
Acquisition of subsidiaries				-39
Acquisition/divestment of financial assets	-35	-55	-232	-196
Operating cash flow	1,622	1,302	6,038	6,981

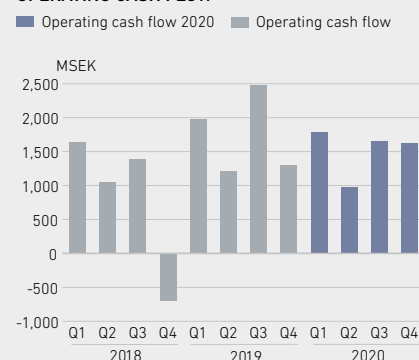
Operating cash flow for the fourth quarter amounted to MSEK 1,622 (1,302), with higher operating profit having a positive impact compared with the same period last year. Higher expenditure on urban transformation and an increase in working capital tied up had a negative effect.

Operating cash flow for the full year amounted to MSEK 6,038 (6,981). Increased operating profit was offset by higher expenditure on urban transformation and higher capital expenditure. A decrease in working capital tied up, mainly due to inventory decreases, had a positive effect.

NET SALES AND OPERATING PROFIT/LOSS



OPERATING CASH FLOW



RETURN ON EQUITY



LKAB – GROUP

NET FINANCIAL INCOME/EXPENSE AND NET FINANCIAL INDEBTEDNESS

Net financial income/expense for the fourth quarter was MSEK 321 (67), with the increase mainly relating to a higher return on financial investments.

Net financial income/expense for the full year amounted to MSEK 797 (1,136), with the return on financial investments being particularly affected by negative stock market development in the first quarter as a result of the corona crisis.

The net debt/equity ratio was -3.3 (-0.9) percent, which is mainly due to positive cash flow and decreased liabilities relating to provisions for urban transformation.

PROPOSED DIVIDEND

The Board of Directors is proposing to the Annual General Meeting that an ordinary dividend is paid amounting to MSEK 5,850. The dividend is in accordance with the group's dividend policy.

CREDIT FACILITIES

MSEK	Nominal	Utilised (nominal)	Available
Commercial paper programme, maturing within one year	5,000		5,000
Bond programme	7,000		4,000
Maturing June 2021		1,000	
Maturing March 2025, green bonds		2,000	
Other bond financing, maturing 2022	250	250	
Credit facility	6,004		6,004
Total	18,254	3,250	15,004

All credit facilities are subject to 100 percent retention of title.

EVENTS DURING THE QUARTER

In the fourth quarter LKAB launched its future strategy that sets out the path the company will take to achieve net-zero carbon emissions from its own processes and products by 2045 and which will secure the company's operations beyond 2060.

During the quarter inspection and repair work continued following the substantial seismic event that took place in the Kiruna mine in May. The quake caused extensive material damage; while around 80 percent of production is back up and running in the mine, a substantial amount of inspection and repair work remains before full production capacity can be reached. Delivery volumes in the fourth quarter were not affected by the loss of production in the Kiruna mine.

The effects of the corona pandemic have continued to call for flexibility and other measures in LKAB's operations. This included extending a scheduled maintenance shut-down in order to reduce contact surfaces and minimise the risk of spreading infection. Demand for steel and for iron ore improved in the last quarter in the EU and MENA, which also had a positive effect on LKAB's deliveries to Europe. Steelmakers have increased production, although the market outlook is uncertain because of Covid-19.

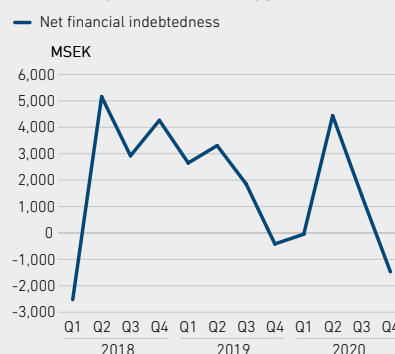
OUTLOOK FOR 2021

At the beginning of 2021, iron ore prices were at record high levels and demand for LKAB's highly upgraded iron ore products remain good. The global extent of the corona pandemic and its impact on communities and economies will continue to affect LKAB, but to what extent is difficult to predict.

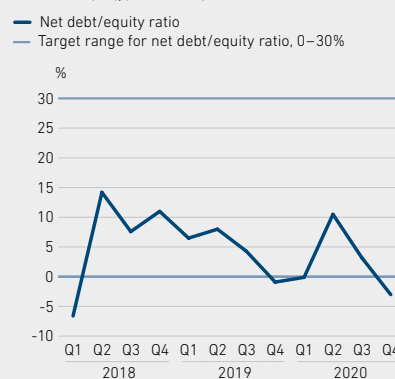
The urban transformation work is in an intensive phase, with an increased number of acquisitions as well as the construction of new replacement properties for property owners, thereby resulting in continued high expenditure in 2021. Gällivare Municipality has still not approved the necessary zoning plan amendment for eastern Malmberget, which risks delaying the schedule for the phase-out area and thus limiting future production.

Sustainability work is central to LKAB's strategy and development work for the next generation of LKAB is continuing according to plan. Securing access to ore when the current main haulage levels are expected to be mined out is the basis for the next generation of LKAB, which is why exploration work continues to have a high priority. The exploration efforts have been successful and updated mineral resources and mineral reserves will be presented during the first quarter of 2021.

NET FINANCIAL INDEBTEDNESS



NET DEBT/EQUITY RATIO



Risks and risk management

LKAB operates in a capital-intensive industry with a planning horizon that extends across several decades. LKAB must therefore consider risks and opportunities that have a bearing on the business as it is today, but must also act today for a transformation to entirely new future conditions. The global climate threat means the iron and steel industry will need to change fundamentally. For LKAB, this brings both risks and opportunities. In view of this, and in line with the government's stricter ownership policy introduced in 2020, LKAB has begun the process of producing disclosures according to TCFD¹ guidelines. Managing both risks and opportunities from a climate perspective is a key tool for securing LKAB's resilience and adaptability as the climate changes. In 2020 strategic risks were consolidated into overall risk areas, each then broken down into market and external risk, business risk and financial risk.

For further information on risks see LKAB's annual report.

¹ The Task Force on Climate-related Financial Disclosures (TCFD) initiative includes guidelines on climate-related financial risk reporting linked to the impact of climate change over time and of potential instruments to limit carbon emissions.

SUSTAINABLE DEVELOPMENT

FOLLOW-UP OF OBJECTIVES

MSEK	Q4 2020	Q4 2019	Full year 2020	Full year 2019	Objective for 2021
Accidents involving absence (no. per million hrs) ¹	7.8	6.9	6.3	6.8	3.5
Women in the total workforce (%)	-	-	25	24	25
Women managers (%)	-	-	23	23	25
Particulate emissions (mg/m ³ ntg)	-	-	29	13	10
Nitrogen emissions to water (g/t FP)	18	17	20	15	21
Energy consumption (kWh/t FP)	160	138	158	158	138
CO ₂ emissions (kg/t FP)	22	24	25	26	24
Nitrogen emissions to air (g/t FP)	139	130	142	138	<158

¹ Accidents involving absence per million hours worked for the Group including suppliers

The accident rate for full-year 2020 decreased compared with the previous year and was 6.3 (6.8). The focus remains on preventing serious near-misses and accidents by raising awareness among managers and employees through ongoing work on the safety culture.

The percentage of women at the end of 2020 was 25 (24) percent, which is in line with the goal for 2021. Among fixed-term employees, the percentage of women at the end of 2020 was 38 (37).

High particulate emissions for the year are due to problems with three dust extraction systems in Malmberget. Work on investigating and resolving the problems is under way.

The CO₂ intensity for full-year 2020 was lower than in the previous year. Trials involving replacing fuel oil with tall oil in one of the pelletising plants in Malmberget continued with good results. In the trials nearly 80 percent of heavy fuel oil was able to be replaced with tall oil.

The increased spread of Covid-19 at the end of the year is continuing to impact the whole of society. LKAB has continued to adapt its operations in accordance with national and regional recommendations.

STRATEGIC SUSTAINABILITY WORK

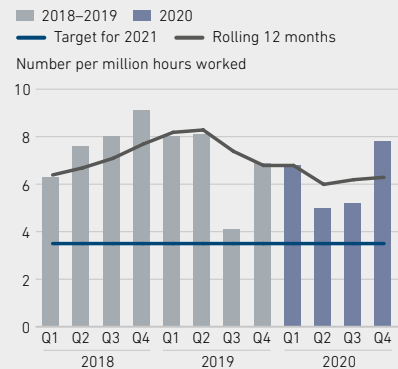
Towards the end of the year LKAB presented its new strategy and transformation plan, which sets its sights on even more than the objective of achieving carbon-free processes and products by 2045. A crucial element of the new strategy is to take a step forward in the value chain and gradually transition to production of carbon-free sponge iron. This transformation will enable carbon emissions among global customers to be reduced by 35 Mt, equivalent to around two thirds of Sweden's total emissions, and create the conditions to more than double the Group's turnover and secure LKAB's competitiveness over time.

The transformation is a process that will take many years, with many development projects and initiatives that will be gradually integrated into LKAB's operations. One example is the development currently being carried out jointly with Vattenfall and SSAB on the HYBRIT technology for reduction with hydrogen. In 2020 a pilot facility in Luleå was completed. Development and testing will be carried out here over the period 2020–2024. At the same time, work is in progress to establish how the technology can be industrialised and integrated to allow competitive production, with the requirements and choice of location for a demo facility currently being reviewed. In Malmberget a pilot facility has also been taken into operation for tests involving fossil-free fuels for pelletisation.

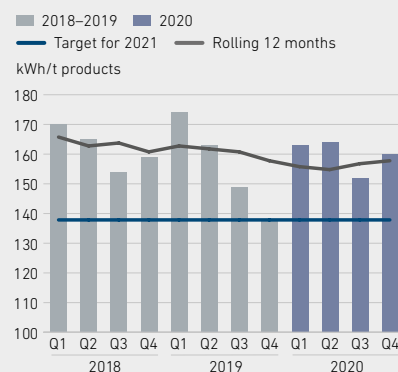
To finance this transformation it is essential that the existing operations are profitable. The focus therefore remains on exploration, increased productivity and continued work to ensure that LKAB is a safe workplace where people can develop.

The exploration efforts carried out in recent years have been successful and updated mineral resources and mineral reserves will be presented during the first quarter of 2021.

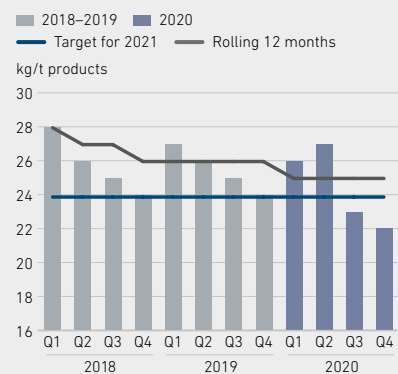
ACCIDENTS



ENERGY CONSUMPTION



CO₂ EMISSIONS



4,535

Average number of employees

25%

% women

MARKET DEVELOPMENT

THE STEEL AND IRON ORE MARKET

The global steel and iron ore industry

Global production of crude steel in the fourth quarter amounted to 481 Mt, which was an increase of 7 percent compared with the same period last year. For full-year 2020, global production of crude steel fell by 1 percent compared with 2019.

Steel prices in China, Europe and the USA increased substantially in the fourth quarter compared with the previous quarter.

Crude steel production in China increased by 10 percent in the fourth quarter. In total, China's crude steel production increased by 5 percent in 2020. Capacity utilisation for China's blast furnaces was over 91 percent at the end of the quarter despite high raw materials costs. Demand for steel in China shows no signs of slowing down in the short term. China's steel exports increased by 14 percent compared with the previous quarter. Compared with the same quarter last year, exports decreased by 5 percent.

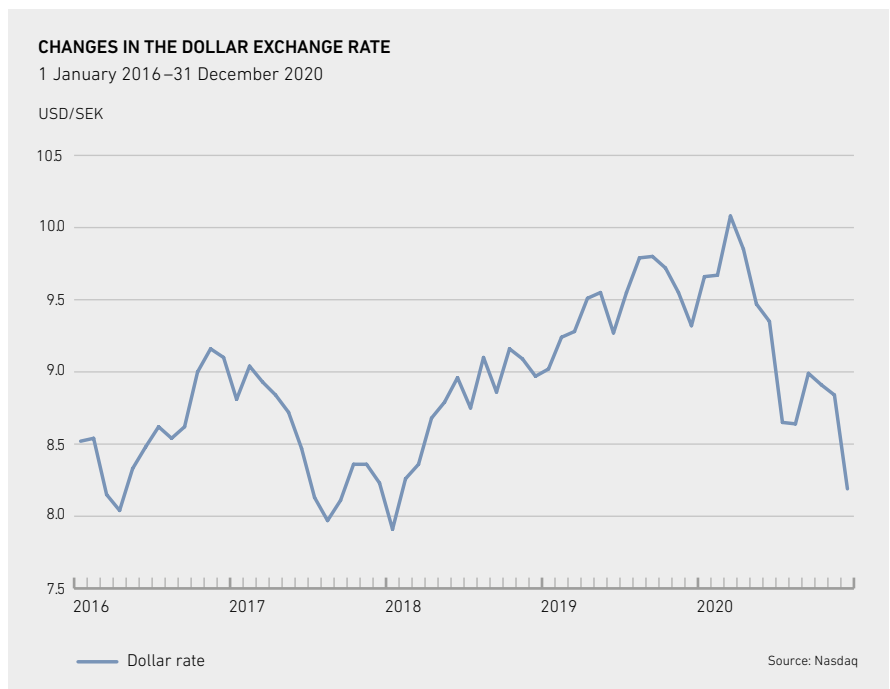
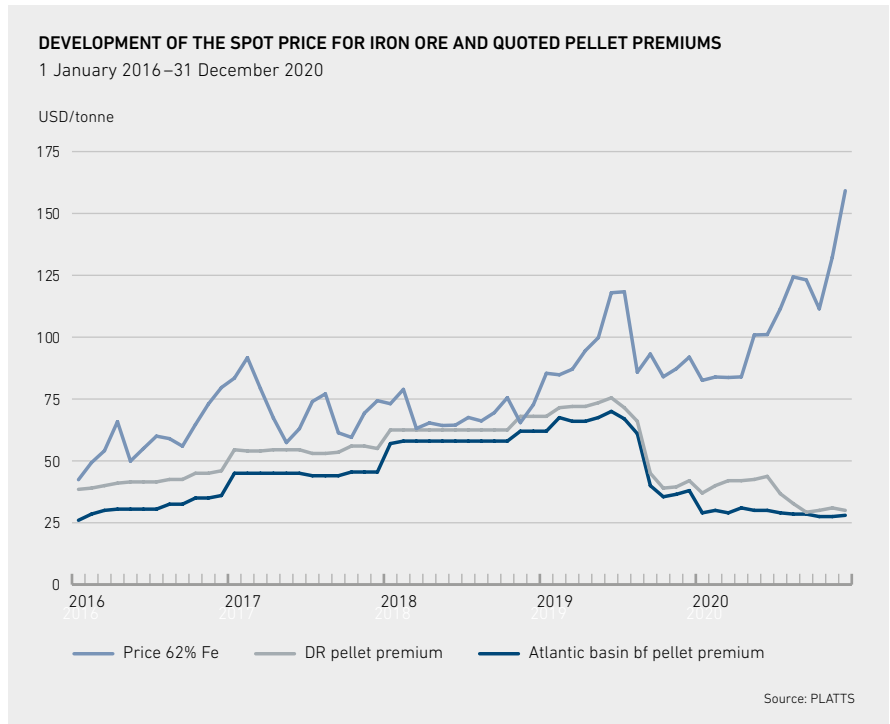
In Europe (EU28) there was a certain recovery, and crude steel production increased by 3 percent in the fourth quarter compared with the same period last year. In total, Europe's steel production decreased by 12 percent in 2020.

In the USA production of crude steel decreased by 14 percent in the fourth quarter. Despite the decrease in steel production, there is a fundamental recovery and steel prices rose by 50 percent in the quarter. For full-year 2020, however, production of crude steel decreased by 17 percent. The prospects for 2021 look brighter, with expected lower unemployment, increased investments in infrastructure projects and increased economic activity as vaccination against Covid-19 picks up speed.

Towards the end of the quarter the shipment of iron ore from Brazil and Australia was affected by severe rainfall and storms.

Iron ore spot price developments

The spot price increased substantially during the quarter. The lowest price quoted during the quarter was USD 115/tonne and the spot price ended the quarter at USD 159/tonne. The average price for the quarter was USD 134/tonne, which was USD 16/tonne higher than in the preceding quarter. The quoted pellet premium for blast furnace pellets and direct reduction pellets was largely unchanged, ending the quarter at USD 28/tonne and USD 30/tonne respectively.



The pellet premium in China increased substantially during the quarter and was quoted at USD 44/tonne at the end of the quarter, an increase of USD 27/tonne compared with the previous quarter.

The price difference between Platts IODEX 65% Fe and 62% Fe increased during the quarter and the average for the quarter was USD 12/tonne, an increase of

USD 2/tonne compared with the previous quarter.

To summarise, iron ore prices are currently at a historical high. Price levels of over USD 150/tonne have not occurred since the peak years of 2010–2013. The market's assessment is that prices will gradually fall during 2021.

IRON ORE BUSINESS AREA

The Iron Ore business area includes mines and processing plants in Kiruna, Svappavaara and Malmberget, as well as rail freight services and the ports in Narvik and Luleå.

OPERATIONS SUMMARY

MSEK	Note	Q4 2020	Q4 2019	Full year 2020	Full year 2019
Net sales	3.4	8,454	6,291	31,727	28,725
Operating profit/loss		3,820	2,224	12,756	12,439
Costs for urban transformation provisions		-82	-94	-1,396	-1,441
Investments in fixed assets		776	667	2,472	2,208
Depreciation		-797	-705	-2,864	-2,647
Deliveries of iron ore products, Mt		7.0	6.5	28.5	24.9
Proportion of pellets, %		83	81	84	83
Production of iron ore products, Mt		6.8	7.2	27.1	27.2

The production volume for the fourth quarter decreased by 0.4 Mt in a year-on-year comparison. The decrease is mainly an effect of an extended maintenance shutdown in Kiruna. Delivery volumes for the quarter increased and amounted to 7.0 (6.5) Mt, with pellets accounting for 83 (81) percent.

Sales for the fourth quarter were higher than in the same period last year, mainly as a result of higher prices for highly upgraded iron ore products and higher delivery volumes. A lower dollar exchange rate had a negative impact on sales for the quarter.

Operating profit for the fourth quarter amounted to MSEK 3,820 (2,224), with costs mainly affected by higher delivery volumes, the costs of securing the supply of crushed ore following the seismic event in the Kiruna mine and higher maintenance costs.

The production volume for full-year 2020 was in line with the same period the previous year. Production was stable for large parts of 2020 but maintenance shutdowns were extended, mainly in connection with measures to reduce the spread of Covid-19. Deliveries for the year increased by 3.6 Mt and amounted to 28.5 (24.9) Mt, with the proportion of pellets at 84 (83) percent.

Sales for the year were higher than in the previous year mainly because of the high delivery volumes in 2020, which were somewhat offset by a lower dollar exchange rate.

Operating profit for the year amounted to MSEK 12,756 (12,439), with costs mainly affected by higher delivery volumes and by repair costs and the costs of crushed ore handling in connection with the seismic event in Kiruna in May. The maintenance shutdowns were extended during the year for more extensive maintenance work and measures to limit the spread of Covid-19, resulting in higher costs.

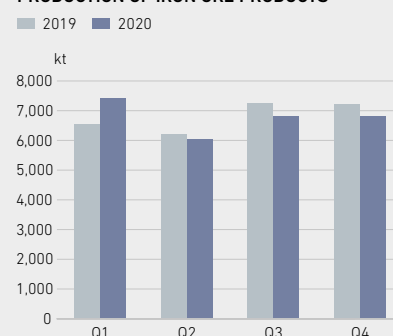
Effective from 1 January 2020 the former Northern and Southern divisions are reported within the Iron Ore business area. Earlier periods have been restated in accordance with the change.

FACTS



- The Iron Ore business area mines and processes iron ore products in Kiruna, Svappavaara and Malmberget.
- In Kiruna, mining takes place in an underground mine with a current main haulage level 1,365 metres below ground. The ore is processed above ground in three concentrating and pelletising plants.
- In Svappavaara ore is mined in the Leveäniemi open-pit mine. The ore is processed in a concentrating and pelletising plant in Svappavaara.
- Malmberget's underground mine consists of around 20 orebodies, of which around 10 are currently mined. The ore is processed above ground in two concentrating and pelletising plants.
- The Iron Ore business area produces both blast furnace pellets and pellets for steelmaking via direct reduction (DR pellets), as well as fines.
- The iron ore products are transported along the Malmbanan and Ofofbanen ore railway to the ports of Narvik and Luleå for shipment to steelworks customers around the world.

PRODUCTION OF IRON ORE PRODUCTS



SPECIAL PRODUCTS BUSINESS AREA

The Special Products business area develops products and services for markets involving industrial minerals, water-powered drilling technology, engineering services and mining and construction contracts. The Special Products business area is also a strategic supplier within the LKAB Group.

OPERATIONS SUMMARY

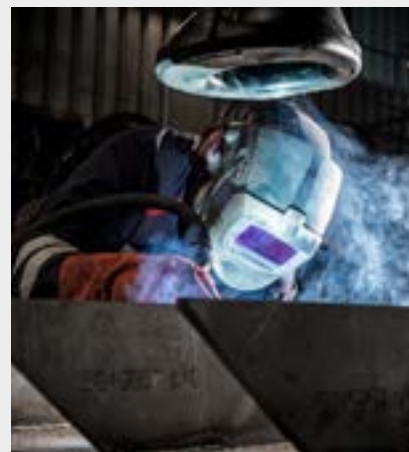
MSEK	Note	Q4 2020	Q4 2019	Full year 2020	Full year 2019
Net sales	3.4	1,188	1,169	4,362	4,732
Operating profit/loss		91	90	261	343
Investments in fixed assets		52	60	145	127
Depreciation		-47	-52	-192	-185

Net sales for the fourth quarter were somewhat higher than in the same period last year, mainly because of increased sales of products and services to the Iron Ore business area. Sales of the industrial mineral magnetite also made a positive contribution, but were offset by lower sales of processed minerals in Europe as a result of Covid-19. Operating profit for the quarter was MSEK 91 (90).

Net sales for the year were 8 percent lower than in the previous year, mainly due to the impact of the ongoing corona pandemic and the seismic event in the mine in Kiruna. Lower sales of magnetite compared with the previous year also had an impact. Operating profit for the year amounted to MSEK 261 (343).

Investments in property, plant and equipment increased during the year, as did depreciation. This was mainly due to increased orders for the mines in Malmberget and Kiruna.

FACTS



- The Special Products business area covers LKAB Minerals, LKAB Wassara, LKAB Berg & Betong, LKAB Kimit and LKAB Mekaniska.
- LKAB Minerals is active in the industrial minerals market, with a leading position in areas such as building and construction, plastics, paint, agriculture and the chemicals industry. It offers a broad portfolio of products that includes minerals from its own deposits, such as magnetite; recycled products, e.g. from blast furnace slag and other industries; as well as other minerals that it sources and processes. LKAB Minerals has sales offices and production units in Europe, the US and Asia.
- LKAB Wassara develops and manufactures water-powered precision drilling systems for mining, construction and exploration drilling as well as dam building and geothermal energy. Customers are located throughout the world.
- LKAB Berg & Betong is a leading provider of full service solutions for the mining and construction industries. LKAB Berg & Betong is also the world's largest producer of sprayed concrete.
- LKAB Kimit supplies explosives to the mining and construction industries.
- LKAB Mekaniska is a quality-conscious engineering company offering services throughout the supply chain, from planning and design to final inspection, all provided by its own team.

OTHER SEGMENTS

Other Segments covers supporting operations such as group-wide functions¹ and certain operations that take place in subsidiaries. Other Segments also covers financial operations, including transactions and gains/losses relating to financial hedging for foreign currencies and purchases of electricity.

OPERATIONS SUMMARY

MSEK	Note	Q4 2020	Q4 2019	Full year 2020	Full year 2019
Net sales excl. hedging		34	21	83	61
Net sales hedging		128	39	-36	-109
Total net sales	3.4	162	60	47	-48
Operating profit/loss		-248	-285	-1,291	-951
Investments in fixed assets		101	9	147	39
Depreciation		-21	-14	-78	-57

The higher operating profit for the fourth quarter is mainly due to an improvement in the result of hedging activities. Increased exploration activities and ongoing development projects increased costs for the quarter. For full-year 2020, operating profit was affected mainly by increased investment in exploration and development projects compared with the same period last year. Increased investments in the fourth quarter relate to investment in a new enterprise resource planning system as well as investments associated with development projects.

Under LKAB's hedging strategy, price and currency risk in the Group's forecast sales are not normally hedged. Currency effects on outstanding accounts receivable are hedged, however. In 2020 deliveries to the spot price market were occasionally hedged in respect of iron ore prices.

¹ Group-wide functions within Other Segments mainly refers to the Group functions for HR, communication and finance, as well as strategic R&D and exploration.

PARENT COMPANY

The Parent Company LKAB consists of the Iron Ore business area and the group-wide functions reported under Other Segments. The Parent Company includes the majority of LKAB's operating activities as well as the Group's financial activities.

OPERATIONS SUMMARY

MSEK	Note	Q4 2020	Q4 2019	Full year 2020	Full year 2019
Net sales		8,622	6,347	31,743	28,658
Operating profit/loss		3,563	1,882	11,196	11,205
Costs for urban transformation provisions		-82	-93	-1,396	-1,441
Investments in property, plant and equipment		850	667	2,481	2,090
Depreciation		-596	-594	-2,384	-2,195
Deliveries of iron ore products, Mt		7.0	6.5	28.5	24.9
Production of iron ore products, Mt		6.8	7.2	27.1	27.2

SIGNATURES

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

Luleå, 12 February 2021
Luossavaara-Kiirunavaara AB (publ)



Jan Moström
President and CEO

FINANCIAL INFORMATION

Annual and Sustainability Report 2020
30 March 2021

Interim Report Q1 2021
22 April 2021

Annual General Meeting
22 April 2021

Interim Report Q2 2021
12 August 2021

Interim Report Q3 2021
28 October 2021

Reports are available at
www.lkab.com

Any questions concerning the Interim Report may be directed to Jan Moström, President and CEO. Interviews may be booked through Niklas Johansson, Senior Vice President Communication and Climate, on +46 (0)10 144 52 19.



LKAB – GROUP

STATEMENT OF INCOME

MSEK	Note	Q4 2020	Q4 2019	Full year 2020	Full year 2019
Net sales	3, 4	9,082	6,947	33,914	31,260
Cost of goods sold		-5,053	-4,460	-20,918	-18,124
Gross profit/loss		4,029	2,487	12,996	13,136
Selling expenses		-38	-43	-144	-152
Administrative expenses		-158	-170	-587	-572
Research and development expenses		-194	-213	-652	-574
Other operating income		117	102	413	375
Other operating expenses		-112	-105	-301	-415
Share of profit of joint ventures		-20	-11	-72	-11
Operating profit/loss	3	3,625	2,047	11,654	11,788
Financial income		476	107	1,197	1,407
Financial expense		-155	-40	-399	-271
Net financial income/expense		321	67	797	1,136
Profit/loss before tax		3,945	2,113	12,452	12,924
Tax		-866	-484	-2,695	-2,751
Profit/loss for the period		3,079	1,630	9,757	10,173
Attributable to Parent Company shareholders		3,079	1,630	9,757	10,173
Earnings per share before and after dilution (SEK)		4,399	2,329	13,938	14,533
Number of shares		700,000	700,000	700,000	700,000

STATEMENT OF COMPREHENSIVE INCOME

MSEK	Note	Q4 2020	Q4 2019	Full year 2020	Full year 2019
Profit/loss for the period		3,079	1,630	9,757	10,173
Other comprehensive income for the period					
Items that will not be reclassified to profit/loss for the year					
Remeasurement of defined-benefit pension plans		150	224	-21	-184
Tax attributable to actuarial gains and losses		-33	-47	4	37
Changes for the period in the fair value of equity instruments measured at fair value through other comprehensive income		-204	133	-471	90
		-87	310	-488	-57
Items that have been or may be reclassified subsequently to profit/loss for the year					
Gains/losses on translation of foreign entities for the period		-1	-55	-273	108
Changes in fair value of cash flow hedges for the period		8	-17	-0	-30
Changes in fair value of cash flow hedges transferred to profit/loss for the year		-8	-21	-10	-86
Tax attributable to components of cash flow hedges		-	8	2	25
		-1	-85	-281	17
Other comprehensive income for the period		-88	225	-769	-40
Total comprehensive income for the period attributable to the Parent Company shareholders		2,991	1,855	8,988	10,133

LKAB – GROUP

STATEMENT OF FINANCIAL POSITION

MSEK	Note	31 Dec 2020	31 Dec 2019
ASSETS			
Non-current assets			
Intangible assets		1,349	1,412
Property, plant and equipment for operations		30,515	30,822
Property, plant and equipment for urban transformation		7,954	7,757
Interests in associates and joint ventures		297	136
Financial investments	5	3,285	1,097
Non-current receivables		102	102
Deferred tax asset		12	4
Total non-current assets		43,514	41,331
Current assets			
Inventories		4,226	4,791
Accounts receivable		3,313	2,348
Prepaid expenses and accrued income		155	277
Other current receivables		1,583	1,624
Current investments	5	19,073	21,997
Cash and cash equivalents		3,406	2,312
Total current assets		31,755	33,350
TOTAL ASSETS		75,269	74,681
EQUITY AND LIABILITIES			
Equity			
Share capital		700	700
Reserves		-259	493
Retained earnings incl. profit/loss for the period		47,971	44,335
Equity attributable to Parent Company shareholders		48,412	45,528
Total equity		48,412	45,528
Non-current liabilities			
Non-current interest-bearing liabilities		2,544	3,600
Provisions for pensions and similar commitments		1,741	1,830
Provisions, urban transformation		11,081	13,198
Other provisions		1,617	1,292
Deferred tax liabilities		1,560	1,548
Total non-current liabilities		18,542	21,467
Current liabilities			
Current interest-bearing liabilities		1,064	595
Trade payables		1,746	1,582
Tax liabilities		207	8
Other current liabilities		327	278
Accrued expenses and deferred income		1,458	1,420
Provisions, urban transformation		3,191	3,675
Other provisions		323	128
Total current liabilities		8,315	7,685
Total liabilities		26,857	29,153
TOTAL EQUITY AND LIABILITIES		75,269	74,681

LKAB – GROUP

STATEMENT OF CHANGES IN EQUITY

Equity attributable to Parent Company shareholders

	Reserves				Retained earnings including profit/loss for the year	Total equity
	Share capital	Translation reserve	Fair value reserve	Hedging reserve incl. hedging cost reserve		
2019 MSEK						
Opening equity 1 Jan 2019	700	-162	450	98	37,487	38,573
Adjustment for IFRS 16, after tax					-14	-14
Profit/loss for the year					10,173	10,173
Other comprehensive income for the year		108	90	-91	-147	-40
Comprehensive income for the year		108	90	-91	10,026	10,133
Dividend					-3,164	-3,164
Closing equity 31 Dec 2019	700	-54	540	7	44,335	45,528

Equity attributable to Parent Company shareholders

	Reserves				Retained earnings including profit/loss for the year	Total equity
	Share capital	Translation reserve	Fair value reserve	Hedging reserve incl. hedging cost reserve		
2020 MSEK						
Opening equity 1 Jan 2020	700	-54	540	7	44,335	45,528
Profit/loss for the year					9,757	9,757
Other comprehensive income for the year		-273	-472	-7	-17	-769
Comprehensive income for the year		-273	-472	-7	9,740	8,988
Dividend					-6,104	-6,104
Closing equity 31 Dec 2020	700	-327	68	0	47,971	48,412

PERSONNEL

	Full year 2020	Full year 2019
MSEK		
Average number of employees	4,535	4,348
– of which women	1,092	988
– of which men	3,443	3,360

LKAB – GROUP

STATEMENT OF CASH FLOWS

MSEK	Note	Q4 2020	Q4 2019	Full year 2020	Full year 2019
Operating activities					
Profit/loss before tax		3,945	2,113	12,452	12,924
Adjustment for items not included in cash flow		527	684	3,743	3,050
Income tax paid		-320	-461	-2,479	-2,889
Expenditures, urban transformation		-1,113	-515	-4,191	-2,624
Expenditures, other provisions		-3	-20	-9	-32
Cash flow from operating activities before changes in working capital		3,036	1,801	9,516	10,429
Cash flow from changes in working capital					
Increase (+)/Decrease (-) in inventories		-190	-479	566	-1,447
Increase (+)/Decrease (-) in operating receivables		387	783	-1,363	109
Increase (+)/Decrease (-) in operating liabilities		-649	-8	244	378
Change in working capital		-452	295	-553	-960
Cash flow from operating activities		2,584	2,096	8,963	9,469
Investing activities					
Acquisition of property, plant and equipment		-929	-735	-2,763	-2,373
Government investment grants		5	14	5	14
Disposal of property, plant and equipment		-2	-18	65	107
Acquisition of subsidiaries		-	-	-	-39
Acquisition/disposal of other financial assets – operating		-35	-55	-232	-196
Acquisition/disposal of other financial assets – non-operating		-	-	-2,666	-
Disposals/acquisitions (net) in current investments		560	5,650	4,446	-2,476
Cash flow from investing activities		-402	4,855	-1,146	-4,963
Financing activities					
Repayments/borrowing, repurchase agreements		-2,174	-7,897	-173	-1,388
Repayments/borrowing		2	-50	-348	160
Repayment of lease liabilities		-5	-23	-79	-97
Dividends paid to Parent Company shareholders		-2,035	-	-6,104	-3,164
Cash flow from financing activities		-4,213	-7,970	-6,705	-4,489
Cash flow for the period		-2,031	-1,018	1,112	17
Cash and cash equivalents at start of period		5,451	3,335	2,312	2,290
Exchange difference in cash and cash equivalents		-15	-5	-19	4
Cash and cash equivalents at end of period		3,406	2,312	3,406	2,312
Change in cash and cash equivalents		-2,031	-1,018	1,112	17
Sub-components of cash and cash equivalents					
Cash and bank balances				3,316	2,312
Current investments (maturity <90 days)				90	
Cash and cash equivalents				3,406	2,312
Consolidated operating cash flow					
Cash flow from operating activities		2,584	2,096	8,963	9,469
Acquisition of property, plant and equipment		-929	-735	-2,763	-2,373
Government investment grants		5	14	5	14
Disposal of property, plant and equipment		-2	-18	65	107
Acquisition of subsidiaries		-	-	-	-39
Acquisition/disposal of other financial assets – operating		-35	-55	-232	-196
Operating cash flow (excluding current investments)		1,622	1,302	6,038	6,981
Acquisition/disposal of other financial assets – non-operating		-	-	-2,666	-
Disposals/acquisitions (net) in current investments		560	5,650	4,446	-2,476
Cash flow after investing activities		2,182	6,952	7,817	4,506
Cash flow from financing activities		-4,213	-7,970	-6,705	-4,489
Cash flow for the period		-2,031	-1,018	1,112	17

LKAB – PARENT COMPANY

INCOME STATEMENT

MSEK	Note	Q4 2020	Q4 2019	Full year 2020	Full year 2019
Net sales		8,622	6,347	31,743	28,658
Cost of goods sold		-4,773	-4,140	-19,624	-16,524
Gross profit/loss		3,849	2,207	12,119	12,135
Selling expenses		-8	-9	-29	-30
Administrative expenses		-108	-107	-365	-357
Research and development expenses		-187	-207	-619	-555
Other operating income		27	-6	112	43
Other operating expenses		-8	4	-21	-30
Operating profit/loss		3,563	1,882	11,196	11,205
Profit/loss from financial items		197	-755	678	-177
Profit/loss after financial items		3,760	1,127	11,874	11,028
Appropriations		838	1,570	838	1,570
Profit/loss before tax		4,598	2,697	12,712	12,598
Tax		-925	-750	-2,598	-2,818
Profit/loss for the period¹		3,673	1,947	10,114	9,781

¹ Profit/loss for the period corresponds to comprehensive income for the period.

LKAB – PARENT COMPANY

BALANCE SHEET

MSEK	Note	31 Dec 2020	31 Dec 2019
ASSETS			
Non-current assets			
Intangible assets		194	69
Property, plant and equipment for operations		25,341	25,295
Property, plant and equipment for urban transformation		7,954	7,757
Financial assets			
Interests in subsidiaries		1,680	1,814
Interests in associates and jointly controlled entities		380	148
Receivables from subsidiaries		3,043	3,741
Other non-current securities		2,869	203
Other non-current receivables		206	213
Deferred tax asset		1,394	1,478
Total financial assets		9,571	7,597
Total non-current assets		43,059	40,717
Current assets			
Inventories		3,471	4,077
Current receivables			
Accounts receivable		3,013	1,920
Receivables from subsidiaries		264	219
Other current receivables		1,439	1,423
Prepaid expenses and accrued income		114	220
Total current receivables		4,830	3,782
Current investments		17,398	21,066
Cash and bank balances		3,083	1,803
Total current assets		28,782	30,728
TOTAL ASSETS		71,841	71,446

LKAB – PARENT COMPANY

BALANCE SHEET

MSEK	Note	31 Dec 2020	31 Dec 2019
TOTAL EQUITY AND LIABILITIES			
Equity			
Restricted equity			
Share capital		700	700
Statutory reserve		697	697
Non-restricted equity			
Profit/loss brought forward		25,573	21,896
Profit/loss for the period		10,114	9,781
Total equity		37,084	33,074
Untaxed reserves		12,202	12,552
Provisions			
Provisions, urban transformation		11,081	13,198
Other provisions		1,537	1,480
Total provisions		12,618	14,678
Non-current liabilities			
Bond loans		2,241	3,241
Liabilities to credit institutions		10	10
Total non-current liabilities		2,251	3,251
Current liabilities			
Bonds and commercial papers		–	350
Liabilities to credit institutions		1,000	173
Other financial liabilities			
Trade payables		1,243	1,166
Liabilities to subsidiaries		409	1,137
Current tax liabilities		184	34
Other current liabilities		222	168
Accrued expenses and deferred income		1,116	1,062
Provisions, urban transformation		3,191	3,675
Other provisions		320	126
Total current liabilities		7,685	7,891
TOTAL EQUITY AND LIABILITIES		71,841	71,446

NOTES

NOTE 1

Accounting policies

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

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

The accounting policies and calculation methods applied in this interim report conform to the accounting policies applied in the preparation of the 2019 annual report. For further information concerning the Group's accounting policies refer to LKAB's Annual and Sustainability Report for 2019. New and amended standards and interpretations from the IASB have had no impact on consolidated earnings or financial position, or on the presentation of the interim report.

When the purchase price allocation for Francis Flower was finalised, an adjustment was made against the opening balance for 2019. This means that certain balance sheet items and amortisation amounts for the comparative year deviate from the previously presented interim reports for 2019.

NOTE 2

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 2019 annual report.

NOTE 3

Segment reporting

Segment information is provided on pages 6–8 of the interim report.

Effective from 1 January 2020 the former Northern and Southern divisions are reported within the Iron Ore business area. Earlier periods have been restated in accordance with the change.

The segments in summary

MSEK	Iron Ore		Special Products		Other		Eliminations/ group adjustments		Group	
	Full year 2020	Full year 2019	Full year 2020	Full year 2019	Full year 2020	Full year 2019	Full year 2020	Full year 2019	Full year 2020	Full year 2019
External income	31,123	28,099	2,818	3,250	-26	-89	-	-	33,914	31,260
Internal income	604	626	1,544	1,482	73	42	-2,221	-2,150	-	-
Total income	31,727	28,725	4,362	4,732	47	-48	-2,221	-2,150	33,914	31,260
Operating profit/loss	12,756	12,439	261	343	-1,291	-951	-72	-43	11,654	11,788
Net financial income/expense									797	1,136
Profit/loss before tax									12,452	12,924

NOTES

NOTE 4

Revenue breakdown

Revenue from contracts with customers for the segments is reported below broken down by product/service area and region. The table also includes a reconciliation between the revenue breakdown and total external income according to Note 3.

MSEK	Iron Ore		Special Products		Other		Group	
	Full year 2020	Full year 2019	Full year 2020	Full year 2019	Full year 2020	Full year 2019	Full year 2020	Full year 2019
Product/service area								
Pellets	27,185	24,778					27,185	24,778
Fines	3,491	2,692					3,491	2,692
Magnetite			822	980			822	980
Mineral sands			526	599			526	599
Other industrial minerals			1,227	1,428			1,227	1,428
Mining and construction services			242	242			242	242
Other	447	632			10	17	457	649
Total	31,123	28,102	2,818	3,250	10	17	33,950	31,369
Region								
Europe	17,284	17,326	1,865	2,179	10	17	19,159	19,523
MENA	7,035	7,496	5	82			7,040	7,579
Rest of world	6,804	3,279	947	989			7,751	4,267
Total	31,123	28,102	2,818	3,250	10	17	33,950	31,369
Revenue from contracts with customers	31,123	28,102	2,818	3,250	10	17	33,950	31,369
Other income – financing activities					-36	-109	-36	-109
Total external income	31,123	28,102	2,818	3,250	-26	-92	33,914	31,260

NOTE 5

Disclosures regarding financial instruments

The table below shows the financial instruments measured at fair value in the statement of financial position.

Group, 31 Dec 2020

MSEK	Level 1	Level 2	Level 3	Total
Shares, financial assets	2,938			2,938
Shares, current holdings		7,845		7,845
Interest-bearing instruments		11,309		11,219
Derivatives	8	79		87
Total	2,946	19,233		22,179

Group, 31 Dec 2019

MSEK	Level 1	Level 2	Level 3	Total
Shares, financial assets	735			735
Shares, current holdings		7,155		7,155
Interest-bearing instruments		14,816		14,816
Derivatives	21	183		204
Total	756	22,154		22,910

Fair value calculation

The following summarises the methods and assumptions mainly used in determining the fair value of financial instruments reported in the table above. Disclosures relating to fair value measurement are based on a fair value hierarchy with three levels.

Level 1 means quoted prices in an active market, such as stock market listings. Level 2 means observable market data other than quoted prices, either direct (such as quoted prices) or indirect (derived from quoted prices). Level 3 means the fair value is determined using inputs that are not based on directly observable market data.

Fair value measurements for current investments are based mainly on Level 2 inputs. The value of interest-bearing instruments is calculated using data from the interest-bearing securities market, obtained from Bloomberg. Shares and alternative investments are measured using inputs from the stock market or received directly from brokers. Fair values for derivatives are calculated based on official listings from Bloomberg, with the exception of derivatives relating to the commodities portfolio which are based on quoted market prices.

Fair value of other assets and liabilities

The carrying amount of other assets and liabilities is considered to be a reasonable approximation of fair value.

NOTES

NOTE 6

Pledged assets and contingent liabilities, Parent Company

Pledged assets

MSEK	31 Dec 2020	31 Dec 2019
<i>As pledged assets for own liabilities and provisions</i>		
Company-owned endowment insurance	104	111
Deposit of cash and cash equivalents	112	112
Collateral provided, derivatives	212	56
Pledged assets bonds repurchase agreements	–	173
Total pledged assets	428	452

Contingent liabilities

MSEK	31 Dec 2020	31 Dec 2019
Guarantees, FPG/PRI	16	16
Guarantees, GP plan	3	4
Guarantees, Swedish Tax Agency	63	63
Surety given for subsidiaries	111	27
Accounts receivable factored with recourse	–	0
Collateral, remediation	59	62
Total contingent liabilities	252	172

NOTE 7

Transactions with related parties

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

NOTE 8

Events after the end of the reporting period

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

NOTE 9

Key ratios – disclosures

Alternative key ratios

The company also presents certain non-IFRS financial benchmarks and key ratios in the interim report. The management considers this supplementary information to be important if readers of this report are to obtain an understanding of the company's financial position and performance.

Definitions

Return on equity	Profit after tax, rolling 12 months, as a percentage of average equity.
Operating cash flow	Cash flow from operating activities and investing activities, excluding current investments.
Net financial indebtedness	Interest-bearing liabilities less interest-bearing assets.
Net debt/equity ratio	Net financial indebtedness divided by equity.

Operating cash flow

A reconciliation of operating cash flow can be found in the section *The LKAB Group in summary*.

The definition of operating cash flow was changed with effect from the interim report for the fourth quarter 2019. Comparative figures have been restated in accordance with the change.

Net financial indebtedness

During the financial year LKAB made a minor adjustment to the calculation of net financial indebtedness as regards non-interest-bearing assets that previously reduced net debt. The purpose of the adjustment is to provide more relevant information about the Group's net indebtedness. Comparative figures have been restated in accordance with the change. Under the previous calculation method the net debt/equity ratio would be -9.1 (-2.5) percent.

Net financial indebtedness

MSEK	31 Dec 2020	31 Dec 2019
Loans payable	3,608	4,195
Provisions for pensions	1,741	1,830
Provisions, urban transformation	14,272	16,873
Provisions, remediation	1,736	1,351
Less:		
Cash and cash equivalents	-3,406	-2,312
Current investments	-19,073	-21,997
Financial investments	-348	-355
Net financial indebtedness	-1,470	-415

Net debt/equity ratio

MSEK	31 Dec 2020	31 Dec 2019
Net financial indebtedness, MSEK	-1,470	-415
Equity, MSEK	48,412	45,528
Net debt/equity ratio, %	-3.0	-0.9

Return on equity

MSEK	31 Dec 2020	31 Dec 2019
Profit/loss after tax R 12, MSEK	9,757	10,173
Average equity, MSEK	46,970	42,051
Return on equity, %	20.8	24.2

NOTES

NOTE 10

Quarterly data for the Group

MSEK	Note	Q4 2020	Q3 2020	Q2 2020	Q1 2020	Q4 2019	Q3 2019	Q2 2019	Q1 2019
Net sales		9,082	9,333	7,456	8,044	6,947	7,751	9,233	7,329
Operating profit/loss		3,625	2,955	1,883	3,191	2,047	3,128	4,109	2,506
Net financial income/expense		321	600	656	-780	67	139	383	547
Profit/loss before tax		3,945	3,555	2,540	2,411	2,113	3,266	4,492	3,053
Profit/loss for the period		3,079	2,800	1,998	1,879	1,630	2,618	3,545	2,381
Costs for urban transformation provisions		-82	-963	-277	-74	-93	-861	-102	-386
Operating cash flow		1,622	1,651	972	1,792	1,302	2,480	1,216	1,984
Investments in property, plant and equipment		929	643	571	619	735	677	570	391
Deliveries of iron ore products, Mt		7.0	7.6	6.6	7.3	6.5	5.5	6.7	6.1
Proportion of pellets – deliveries, %		83	82	83	89	81	79	84	86
Production of iron ore products, Mt		6.8	6.8	6.0	7.4	7.2	7.3	6.2	6.5
Return on equity, %	9	20.8	18.6	19.4	22.2	24.2	23.0	22.6	16.0
Net debt/equity ratio, %	9	-3.0	3.2	10.5	-0.1	-0.9	4.3	8.0	6.5