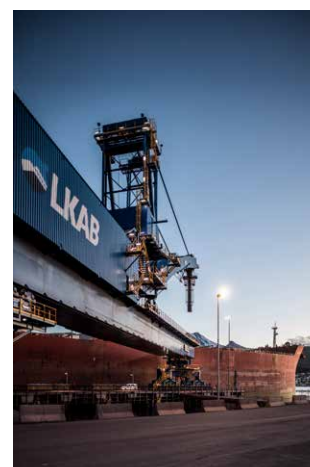


RECORD PRODUCTION AND CONTINUED STRONG DEMAND

LKAB reports a stable beginning of the fiscal year 2018. Underlying profit and cash flow improved and the production volume continued to increase, reaching a new record level. Underlying operating profit increased by MSEK 437 on a year-on-year comparison.

OPERATIONS – FIRST QUARTER

MSEK	Note	Q1 2018	Q1 2017	Full year 2017
Net sales		6,227	5,512	23,367
Underlying operating profit	7	2,357	1,920	7,148
Costs for urban transformation provisions		-795	-231	-1,147
Impairment of property, plant and equipment				-26
Operating profit/loss		1,561	1,689	5,975
Net financial income/expense		201	132	290
Profit/loss before tax		1,762	1,822	6,266
Profit/loss for the period		1,350	1,424	4,803
Operating cash flow		1,770	1,571	7,136
Investments in property, plant and equipment		594	372	2,008
Depreciation		-722	-674	-2,887
Deliveries of iron ore products, Mt		6.8	6.6	27.6
Proportion of pellets, %		84	86	83
Production of iron ore products, Mt		7.3	7.2	27.2
Return on equity, %	7	13.4	0.4	14.4
Net debt/equity ratio, %	7	-9.4	12.6	-6.6



→ The market is continuing to drive increased demand for iron ore products of a higher grade and with less climate impact, which favours LKAB.

- Production and delivery volumes remained stable during the first quarter of the year. The production volume for the quarter reached a new record of 7.3 (7.2) Mt. Delivery volumes for the quarter amounted to 6.8 (6.6) Mt, with pellets accounting for 84 (86) percent of this.
- Operating profit for the first quarter was somewhat lower than in the same period the previous year, mainly as a result of higher costs for urban transformation provisions. The underlying operating profit was 23 percent higher than in the previous year.
- The average global spot price¹ for iron ore products in the first quarter was USD 74 (86)/tonne compared with USD 66/tonne in the last quarter of 2017. The global spot price fell at the end of the quarter and at the end of March was USD 63/tonne. The premium for pellet sales stayed at a high level.
- Operating cash flow improved during the quarter by MSEK 199 in a year-on-year comparison.
- The net debt/equity ratio decreased to -9.4 (12.6) percent.
- The return on equity increased to 13.4 (0,4) percent.

7.3 Mt

Produced during the quarter

6.8 Mt

Delivered during the quarter

84%

Percentage of pellets for the quarter

¹Platts IODEX 62% Fe CFR North China

THE LKAB GROUP

NET SALES AND OPERATING PROFIT/LOSS

ANALYSIS OF CHANGE IN OPERATING PROFIT MSEK	Q1 2018
Operating profit Q1 2017	1,689
Prices, iron ore	236
Currency effect, iron ore including hedging of accounts receivable	-571
Hedging of currency and iron ore price	966
Volume and mix, iron ore	161
Volume, price and currency, industrial minerals	-12
Costs for urban transformation provisions	-564
Depreciation	-48
Impairment of property, plant and equipment	0
Other income and expenses	-296
Operating profit Q1 2018	1,561

Net sales for the first quarter were 13 percent higher when compared year-on-year. The improvement is mainly due to a better result from price and currency hedging. The average spot price for iron ore for the quarter was USD 74 (86)/tonne and the pellet premium remained at a high level, compensating for the lower spot price for the quarter. A lower average dollar exchange rate had a negative effect during the quarter.

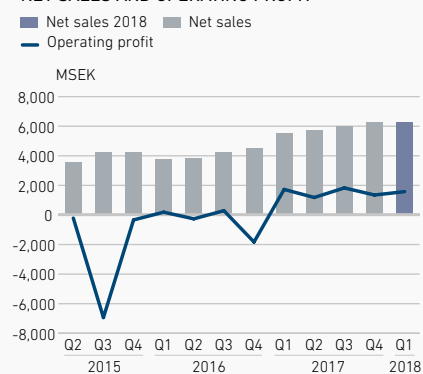
The cost level increased for the quarter, mainly as a result of price increases for energy and personnel. Higher costs for the supply of crushed ore within the Southern Division and an increased rate of exploration also impacted costs for the quarter.

CASH FLOW

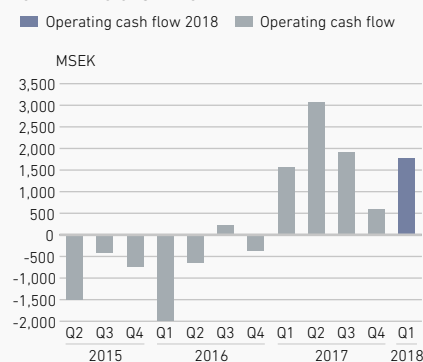
MSEK	Q1 2018	Q1 2017	Full year 2017
Cash flow from operating activities before changes in working capital	2,569	1,994	6,970
Change in working capital	-205	-52	1,890
Capital expenditures (net)	-594	-371	-1,724
Operating cash flow	1,770	1,571	7,136

Operating cash flow improved by MSEK 199 for the quarter in a year-on-year comparison. An improved underlying profit and lower expenditure on urban transformation made a positive contribution. A higher level of working capital tied up and higher capital expenditures had a negative effect.

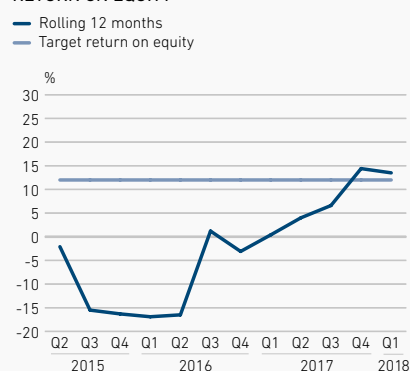
NET SALES AND OPERATING PROFIT



OPERATING CASH FLOW



RETURN ON EQUITY



THE LKAB GROUP

NET FINANCIAL INCOME/EXPENSE AND NET FINANCIAL INDEBTEDNESS

Net financial income/expense for the first quarter was MSEK 201 (132), with a higher return on financial investments having a positive effect when compared year-on-year.

Strong cash flow during the quarter resulted in lower net financial indebtedness. The net debt/equity ratio decreased to -9.4 (12.6) percent.

CREDIT FACILITIES

MSEK	Nominal	Utilized (nominal)	Available
Commercial paper programme, maturing within one year	5,000	200	4,800
Bond programme	7,000		4,009
Maturing December 2019		1,991	
Maturing June 2021		1,000	
Other bond financing, maturing 2022	250	250	
Credit facility	5,000		5,000
Total	17,250	3,441	13,809

There were no changes in nominal credit facilities during the quarter. All credit facilities are subject to 100 percent retention of title.

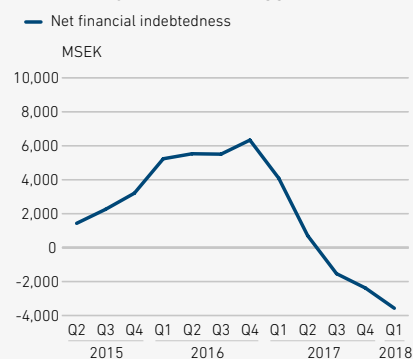
OUTLOOK FOR 2018

LKAB assesses that the oversupply situation within iron ore fines will continue, which is putting pressure on iron ore prices; at the same time, the premium for highly upgraded iron ore products is expected to remain high. Demand for LKAB's pellets continues to be strong and the strategy of maximizing pellet production remains in place. LKAB is continuing to focus on profitability and productivity improvements in order to enhance competitiveness. Work on the urban transformation is in an intensive phase with continued provisions and an increased number of acquisitions, which means increased expenditure over the coming year.

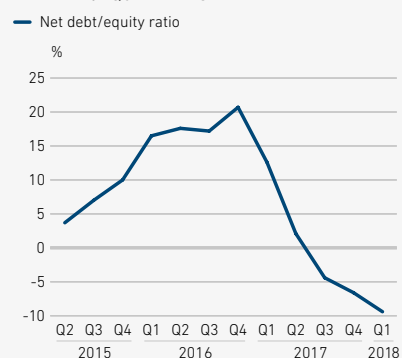
SEGMENT REPORTING

Note 8 provides an overall summary of earnings for each division and for other operating segments, as well as for the Group.

NET FINANCIAL INDEBTEDNESS



NET DEBT/EQUITY RATIO



MARKET DEVELOPMENT

THE STEEL AND IRON ORE MARKET

THE GLOBAL STEEL AND IRON ORE INDUSTRY

Global production of crude steel increased in the first quarter by four percent compared with the same period last year. During the quarter steel prices increased, while steel exports from China remained lower than in the same period last year.

In March the USA decided to impose customs duties on steel imports from China, making the market apprehensive and creating speculation that this might result in a trade war. How things will develop and the consequences of this action are difficult to predict.

Profitability among steelmakers continues to be regarded as good, while at the same time the global level of capacity utilization increased during the quarter. LKAB's DR customers are continuing to demand more pellets than contracted due to low market supply. Demand for LKAB's iron ore products remains strong.

Europe

Production of crude steel within the EU28 increased in the first quarter by one percent compared with the same period last year. The automotive industry remained strong at the beginning of 2018 and the number of newly produced vehicles is expected to continue to increase. Demand for steel within the automotive industry is expected to increase by three percent this year.

Middle East and North Africa (MENA)

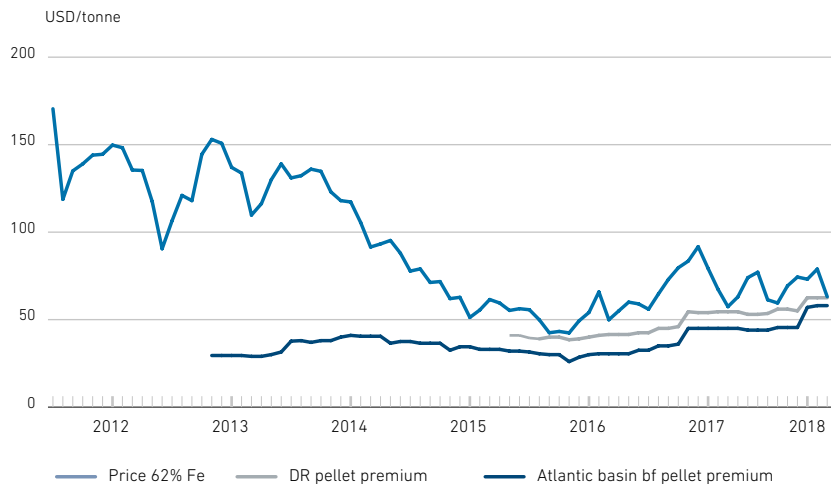
Production of crude steel increased by 23 percent during the first quarter compared with the same period last year. The oil price continued to rise compared with the previous quarter, which is positive for the region. Demand for DR pellets is high due to continued weak supply on the market.

USA

In the USA production of crude steel increased by two percent during the first quarter compared with the same period last year. Domestic steel prices rose by 36

THE DEVELOPMENT OF THE SPOT PRICE FOR IRON ORE AND QUOTED PELLETT PREMIUMS

1 June 2011 – 31 March 2018



Source: PLATTS IODEX 62% Fe CFR North China

percent during the quarter. The price difference for Hot-rolled coil, HRC, in the USA compared with China increased from USD 100/tonne at the beginning of January to USD 320/tonne.

China

China's production of crude steel increased in the first quarter by five percent compared with the same period last year. China's iron ore imports decreased by 0.2 percent to 270 Mt. Port inventories of iron ore increased, amounting to nearly 162 Mt at the end of the quarter – an increase of 30 Mt compared with the same period in the previous year. It is assessed that just over 40 percent of port inventories consist of higher-grade iron ore (62% Fe or higher). Total inventory capacity is estimated at around 170 Mt. If and when China is forced to sell its inventories, there is a risk that this will put pressure on the price of iron ore.

Iron ore spot price developments

The first quarter began with a spot price of USD 75/tonne. The spot price then remained relatively stable at around USD 75/tonne until mid-March, when the price fell substantially. At the end of the quarter it

was USD 63/tonne. The average price for the quarter was USD 74/tonne, which was USD 8/tonne higher than in the preceding quarter. Quoted pellet premiums for blast furnace pellets and DR pellets increased strongly at the start of the quarter to USD 58/tonne and USD 63/tonne respectively, and then remained at these levels throughout the quarter. The pellet premium in China continued to be volatile, averaging around USD 42/tonne for the quarter. The price difference between Platts IODEX 65% Fe and 62% Fe remained relatively large, with an average for the quarter of USD 16/tonne. The market continues to place a premium on high quality iron ore products.

THE INDUSTRIAL MINERALS MARKET

The most important product group, magnetite, is developing well with high continuous deliveries and a good inflow of new sales opportunities within construction, energy and water treatment, to mention just a few.

¹Platts IODEX 62% Fe CFR North China

NORTHERN DIVISION

The Northern Division comprises mines and processing plants in Kiruna.

OPERATIONS SUMMARY

MSEK	Note	Q1 2018	Q1 2017	Full year 2017
Net sales		3,437	3,710	13,621
Underlying operating profit	7	1,444	1,750	5,253
Costs for urban transformation provisions		-574	-231	-1,060
Operating profit/loss		870	1,519	4,194
Investments in property, plant and equipment		131	139	748
Depreciation		-326	-308	-1,344
Deliveries of iron ore products, Mt		4.1	4.0	16.7
Proportion of pellets, %		88	92	86
Production of iron ore products, Mt		4.5	4.1	16.1

The production volume for the first quarter increased by 10 percent and deliveries increased by three percent compared with the same period last year. Production in both the mine and the processing plants was good for the period, and the production volume of finished products was the highest for a quarter since LKAB became mainly a pellet producer.

Sales for the quarter were lower than in the same period last year, mainly due to a lower dollar exchange rate and a somewhat lower price.

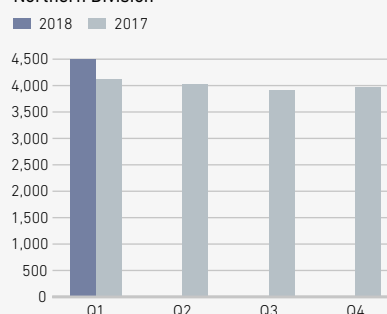
Costs, excluding provisions for urban transformation, were two percent higher than in the same period last year, mainly due to price increases for energy and personnel and to higher production and delivery volumes. A lower level of production disruption compared to the previous period had a positive effect. Underlying operating profit for the quarter decreased by MSEK 306. Costs of provisions for urban transformation were MSEK 343 higher for the period, mainly due to the remeasurement of previous provisions. Operating profit amounted to MSEK 870 compared with MSEK 1,519 in the same period last year.

FACTS



- The Northern Division mines and processes iron ore products in Kiruna.
- The mining takes place in the Kiruna underground mine, which has an inclined slab of magnetite that is around 80 metres wide, four kilometres long and extends around two kilometres underground.
- The ore is processed above ground in three concentrating plants and three pelletizing plants.
- The Northern Division produces both blast furnace pellets and pellets for steelmaking via direct reduction, known as DR pellets.
- The processed iron ore products are transported along the Malmbanan and Ofotbanen ore railway to the port in Narvik, for shipment to steel mill customers around the world.
- The iron ore operations have a sales organization for the markets in Europe, Asia and the Middle East.

Production of iron ore products (kt)
Northern Division



SOUTHERN DIVISION

The Southern Division covers mines and processing plants in Malmberget and Svappavaara.

OPERATIONS SUMMARY

MSEK	Note	Q1 2018	Q1 2017	Full year 2017
Net sales		2,348	2,358	8,812
Underlying operating profit/loss	7	950	1,057	2,733
Costs for urban transformation provisions		-221		-87
Impairment of property, plant and equipment				
Operating profit/loss		729	1,057	2,646
Investments in property, plant and equipment		254	162	956
Depreciation		-217	-201	-868
Deliveries of iron ore products, Mt		2.7	2.7	10.9
Proportion of pellets, %		76	77	77
Production of iron ore products, Mt		2.8	3.1	11.2

Production volumes in the first quarter were 10 percent lower than in the same period the previous year. Deliveries for the quarter amounted to 2.7 (2.7) Mt, with pellets accounting for 76 (77) percent of this.

Sales for the quarter were in line with the previous year. Somewhat lower delivery volumes and a lower dollar exchange rate were countered by higher prices during the quarter for highly upgraded iron ore products.

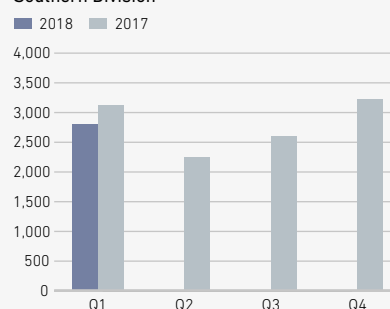
Costs, excluding provisions for urban transformation, were seven percent higher than in the same quarter last year, which was mainly due to price increases for energy and personnel as well as higher costs for supplying the processing plants with crushed ore from the mines in Svappavaara. The cost of provisions for urban transformation increased as a result of remeasurement of earlier provisions and amounted to MSEK 221 for the quarter. Operating profit amounted to MSEK 729 compared with MSEK 1,057 in the same period last year.

FACTS



- The Southern Division mines and processes iron ore products in Malmberget and Svappavaara.
- The mining takes place in Malmberget's underground mine and the Svappavaara open-pit mines.
- Magnetite is mainly mined in the Malmberget mine, but also hematite. The mine has around 20 orebodies, of which around 10 are currently mined.
- In Svappavaara ore is mined in the Leveäniemi and Gruvberget open-pit mines.
- The ore is processed above ground in two concentrating and pelletizing plants in Malmberget and in one concentrating and pelletizing plant in Svappavaara.
- The Southern Division produces both blast furnace pellets and fines.
- The processed iron ore products are transported along the Malmbanan ore railway, mainly to the port in Luleå and on to European steel mill customers.
- The iron ore operations have a sales organization for the markets in Europe, Asia and the Middle East.

Production of iron ore products (k tonnes)
Southern Division



SPECIAL PRODUCTS DIVISION

The Special Products Division is a leading global supplier of industrial minerals, with a major focus on LKAB's own minerals of magnetite, mica and huntite. The division also provides products and services to LKAB such as drilling systems, mechanical services, concrete production, contract work and rockwork. These products and services are also marketed to external customers.

OPERATIONS SUMMARY

MSEK	Note	Q1 2018	Q1 2017	Full year 2017
Net sales		840	739	3,936
Underlying operating profit	7	64	82	417
Impairment of property, plant and equipment				-26
Operating profit/loss		64	82	391
Investments in property, plant and equipment		8	6	35
Depreciation		-14	-15	-57

Net sales for the first quarter of the year were 14 percent higher than in the same period last year and amounted to MSEK 840 (739). The improvement is mainly due to increased sales volumes of magnetite for offshore gas pipeline projects and increased sales of concrete.

Operating profit for the quarter amounted to MSEK 64 (82), which was MSEK 18 lower than in the first quarter of 2017. The change is mainly due to higher material costs for magnetite. The operating margin for the year was 8 (11) percent.

During the quarter the planned closure of production in Tianjin, China was completed according to plan.

FACTS



- The Special Products Division covers LKAB Minerals, LKAB Wassara, LKAB Berg & Betong, LKAB Kimit and LKAB Mekaniska.
- LKAB Minerals mines and sells minerals and also processes and sells iron ore for applications outside the steel industry. The business 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.

OTHER SEGMENTS

Other Segments covers supporting operations such as group-wide functions¹ and certain operations that are run as subsidiaries. Other Segments also covers financial operations, including transactions and gains/losses relating to financial hedging of iron ore prices, foreign currency effects and purchases of electricity.

OPERATIONS SUMMARY

MSEK	Q1 2018	Q1 2017	Full year 2017
Net sales excl. hedging	39	47	157
Net sales hedging	15	-978	-1,119
Total net sales	54	-931	-962
Operating profit/loss	-110	-977	-1,315
Investments in property, plant and equipment	201	66	270
Depreciation	-165	-150	-620

Improved profits for the quarter are mainly due to a better result for hedging activities compared with previous periods. LKAB changed its hedging strategy with effect from the first quarter of 2017, with the result that price and currency risk in the Group's forecast sales are not normally hedged. Outstanding accounts receivable are hedged, however. Costs increased somewhat, partly as a result of increased exploration.

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 Northern Division and the Southern Division and the group-wide functions reported under Other Segments. The Parent Company includes the majority of LKAB's operating activities as well as the company's financial activities.

OPERATIONS SUMMARY

MSEK	Q1 2018	Q1 2017	Full year 2017
Net sales	5,836	5,154	21,489
Underlying operating profit	2,224	1,775	6,373
Costs for urban transformation provisions	-795	-231	-1,147
Impairment of property, plant and equipment			
Operating profit/loss	1,429	1,544	5,225
Investments in property, plant and equipment	569	337	1,860
Depreciation	-582	-546	-2,365
Deliveries of iron ore products, Mt	6.8	6.6	27.6
Production of iron ore products, Mt	7.3	7.2	27.2

SIGNATURES

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

Luleå, 26 April 2018
Luossavaara-Kiirunavaara AB (publ)



Jan Moström
President and CEO

FINANCIAL INFORMATION

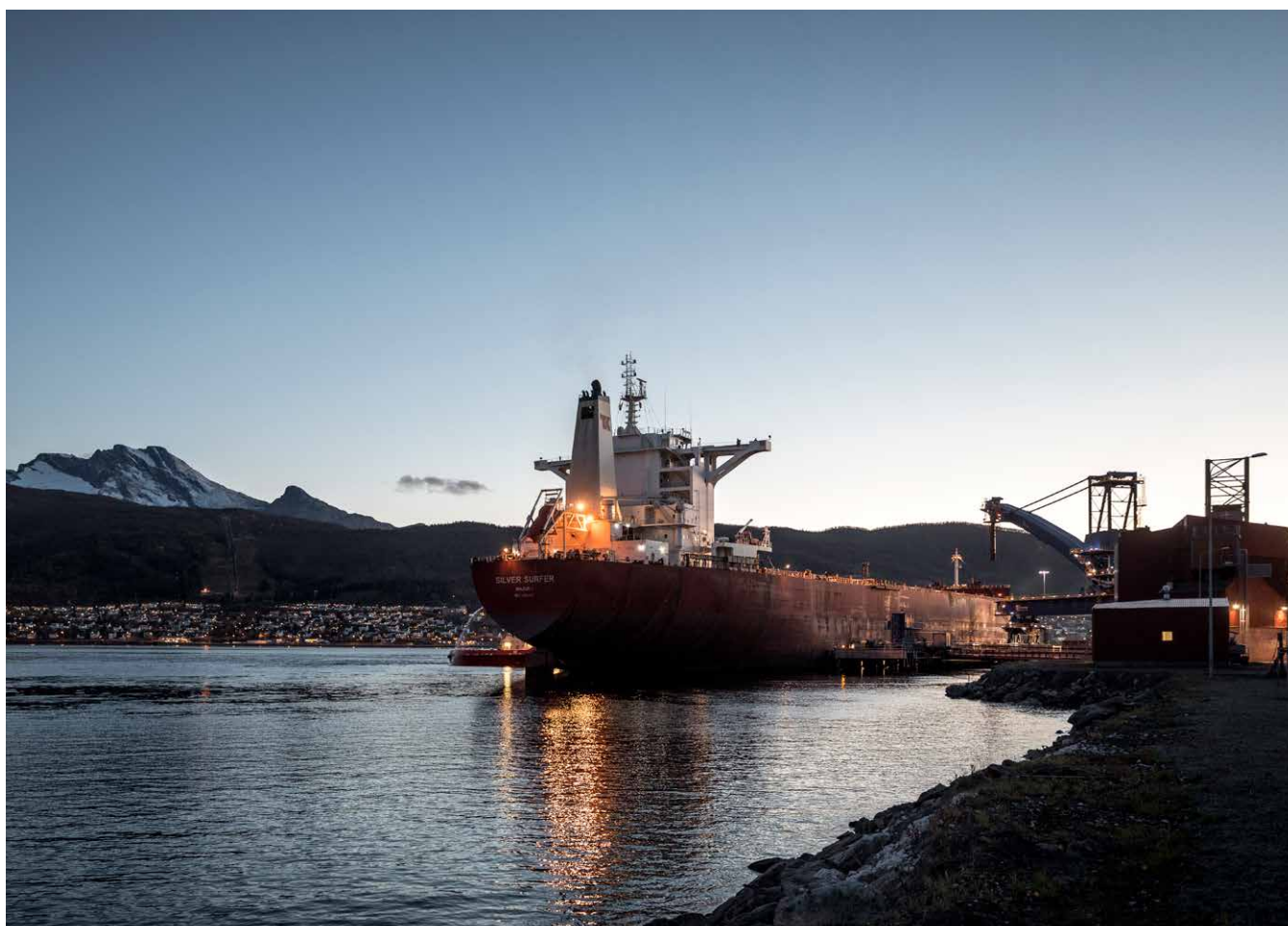
Interim Report Q2 2018
10 August 2018

Interim Report Q3 2018
26 October 2018

**Interim Report Q4 2018
(together with Year End Report)**
February 2019

Reports are available at www.lkab.com

Any questions concerning the Interim Report may be directed to Jan Moström, President and CEO, or to Peter Hansson, Senior Vice President, Finance, +46 920 381 00.



LKAB – GROUP

CONDENSED INCOME STATEMENT

MSEK	Q1 2018	Q1 2017	Full year 2017
Net sales	6,227	5,512	23,367
Cost of goods sold	-4,377	-3,600	-16,563
Gross profit/loss	1,850	1,912	6,804
Selling expenses	-30	-31	-124
Administrative expenses	-138	-114	-440
Research and development expenses	-83	-64	-398
Other operating income	66	57	486
Other operating expenses	-103	-72	-352
Operating profit/loss	1,561	1,689	5,975
Financial income	273	184	515
Financial expense	-72	-52	-225
Net financial income/expense	201	132	290
Profit/loss before tax	1,762	1,822	6,266
Tax	-412	-398	-1,462
Profit/loss for the period	1,350	1,424	4,803
Attributable to Parent Company shareholders	1,350	1,424	4,803
Earnings per share before and after dilution (SEK)	1,929	2,034	6,862
Number of shares	700,000	700,000	700,000

CONDENSED STATEMENT OF COMPREHENSIVE INCOME

MSEK	Q1 2018	Q1 2017	Full year 2017
Profit/loss for the period	1,350	1,424	4,803
Other comprehensive income for the period			
Items that will not be reclassified to profit or loss			
Remeasurement of defined benefit pension plans	38	49	123
Tax attributable to actuarial gains and losses	-8	-11	-27
Total items that will not be reclassified to profit for the year	30	38	96
Items that may be reclassified subsequently to profit or loss			
Gains/losses on translation of foreign entities for the period	193	-33	-139
Change in fair value of available-for-sale financial assets for the period	46	17	212
Changes in fair value of cash flow hedges for the period	45	-142	40
Changes in fair value of cash flow hedges transferred to profit/loss for the year	-10	598	1,017
Tax attributable to components of cash flow hedges	-7	-100	-232
Total items reclassified to profit or loss	267	340	898
Other comprehensive income for the period	297	378	994
Total comprehensive income for the period attributable to the Parent Company shareholders	1,647	1,802	5,797

LKAB – GROUP

CONDENSED STATEMENT OF FINANCIAL POSITION

MSEK	31 Mar 2018	31 Mar 2017	31 Dec 2017
ASSETS			
Non-current assets			
Intangible fixed assets	212	232	167
Property, plant and equipment for operations	30,937	31,742	30,882
Property, plant and equipment for urban transformation	1,890	1,967	1,890
Participations in associated companies	39	38	39
Financial investments	1,367	1,109	1,303
Deferred tax asset	30	30	28
Total non-current assets	34,475	35,118	34,309
Current assets			
Inventories	2,791	2,892	2,602
Accounts receivable	2,054	2,752	1,948
Prepaid expenses and accrued income	197	464	145
Other current receivables	1,162	1,691	1,203
Current investments	18,512	14,030	18,041
Cash and cash equivalents	7,519	2,362	2,051
Total current assets	32,235	24,191	25,990
TOTAL ASSETS	66,709	59,039	60,298
EQUITY AND LIABILITIES			
Equity			
Share capital	700	700	700
Reserves	792	-33	525
Retained earnings incl. profit for the year	36,504	31,686	35,124
Equity attributable to Parent Company shareholders	37,996	32,353	36,348
Total equity	37,996	32,353	36,348
Non-current liabilities			
Non-current interest-bearing liabilities	3,236	3,235	3,235
Other non-current liabilities	2	4	3
Provisions for pensions and similar commitments	1,612	1,799	1,642
Provisions for urban transformation	9,187	9,181	9,198
Other provisions	1,186	1,217	1,211
Deferred tax liabilities	1,865	1,665	1,851
Total non-current liabilities	17,088	17,101	17,139
Current liabilities			
Current interest-bearing liabilities	5,101	2,796	935
Trade payables	1,290	1,244	1,320
Tax liabilities	311	371	542
Other current liabilities	327	805	230
Accrued expenses and deferred income	1,060	1,220	926
Provisions for urban transformation	3,391	3,287	2,713
Other provisions	147	132	147
Total current liabilities	11,626	9,855	6,811
Total liabilities	28,714	26,957	23,950
TOTAL EQUITY AND LIABILITIES	66,709	59,309	60,298

LKAB – GROUP

CONDENSED 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		
2017						
MSEK						
Opening equity 1 Jan 2017	700	-83	542	-832	30,224	30,551
Profit/loss for the year					4,803	4,803
Other comprehensive income for the year		-139	212	825	96	994
Comprehensive income for the year		-139	212	825	4,900	5,797
Dividend						
Closing equity 31 Dec 2017	700	-222	754	-7	35,124	36,348

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		
2018						
MSEK						
Opening equity 1 Jan 2018	700	-222	754	-7	35,124	36,348
Profit/loss for the year					1,350	1,350
Other comprehensive income for the year		193	46	28	30	297
Comprehensive income for the year		193	46	28	1,380	1,647
Dividend						
Closing equity 31 Mar 2018	700	-29	800	21	36,504	37,996

LKAB – GROUP

CONDENSED STATEMENT OF CASH FLOWS

MSEK	Q1 2018	Q1 2017	Full year 2017
Operating activities			
Profit/loss before tax	1,762	1,822	6,266
Adjustment for items not included in cash flow	1,580	879	3,783
Income tax paid	-648	78	-879
Expenditures, urban transformation	-124	-783	-2,178
Expenditures, other provisions	-1	-1	-22
Cash flow from operating activities before changes in working capital	2,569	1,994	6,970
Cash flow from changes in working capital			
Increase (-)/Decrease (+) in inventories	-189	-56	234
Increase (-)/Decrease (+) in operating receivables	-120	154	1,648
Increase (+)/Decrease (-) in operating liabilities	104	-150	8
Change in working capital	-205	-52	1,890
Cash flow from operating activities	2,364	1,942	8,860
Investing activities			
Acquisition of property, plant and equipment	-594	-372	-2,008
Disposal of property, plant and equipment	0	1	284
Acquisition/divestment of financial assets	-470	-2,759	-6,770
Cash flow from investing activities	-1,065	-3,130	-8,494
Financing activities			
Repayments/borrowing	4,167	926	-937
Cash flow from financing activities	4,167	926	-937
Cash flow for the period	5,466	-262	-571
Cash and cash equivalents at start of period	2,051	2,624	2,624
Exchange difference in cash and cash equivalents	2	0	-2
Cash and cash equivalents at end of period	7,519	2,362	2,051
Change in cash and cash equivalents	5,466	-262	-571
Sub-components of cash and cash equivalents			
Cash and bank balances	7,519	2,112	2,051
Current investments (maturity <90 days)		250	
Cash and cash equivalents	7,519	2,362	2,051
Consolidated operating cash flow			
Cash flow from operating activities	2,364	1,942	8,860
Acquisition of property, plant and equipment	-594	-372	-2,008
Disposal of property, plant and equipment	0	1	284
Operating cash flow (excluding current investments)	1,770	1,571	7,136
Acquisition/disposal of financial assets (net)	-470	-2,759	-6,770
Cash flow after investing activities	1,300	-1,188	366
Cash flow from financing activities	4,167	926	-937
Cash flow for the period	5,466	-262	-571

LKAB – PARENT COMPANY

CONDENSED INCOME STATEMENT

MSEK	Q1 2018	Q1 2017	Full year 2017
Net sales	5,836	5,154	21,489
Cost of goods sold	-4,237	-3,473	-15,794
Gross profit/loss	1,599	1,681	5,695
Selling expenses	-9	-7	-33
Administrative expenses	-79	-66	-269
Research and development expenses	-79	-64	-381
Other operating income	0	1	231
Other operating expenses	-4	-1	-18
Operating profit/loss	1,429	1,544	5,225
Profit/loss from financial items	468	36	235
Profit/loss after financial items	1,897	1,580	5,460
Appropriations			2,842
Profit/loss before tax	1,897	1,580	8,302
Tax	-417	-348	-1,895
Profit/loss for the period	1,480	1,232	6,406

CONDENSED STATEMENT OF COMPREHENSIVE INCOME

MSEK	Q1 2018	Q1 2017	Full year 2017
Profit/loss for the period	1,480	1,232	6,406
Other comprehensive income for the period			
Comprehensive income for the period	1,480	1,232	6,406

LKAB – PARENT COMPANY

CONDENSED BALANCE SHEET

MSEK	31 Mar 2018	31 Mar 2017	31 Dec 2017
ASSETS			
Non-current assets			
Intangible fixed assets	72	69	34
Property, plant and equipment for operations	25,675	26,240	25,688
Property, plant and equipment for urban transformation	1,890	1,967	1,890
Financial assets			
Participations in subsidiaries	2,390	2,120	2,390
Participations in associated companies	41	40	41
Receivables from subsidiaries	2,576	2,539	2,419
Other non-current securities	247	246	246
Other non-current receivables	112	110	112
Deferred tax asset	1,817	2,380	1,817
Total financial assets	7,183	7,436	7,026
Total non-current assets	34,821	35,712	34,637
Current assets			
Inventories	2,268	2,422	2,119
Current receivables			
Accounts receivable	1,657	2,398	1,596
Receivables from subsidiaries	184	111	161
Other current receivables	1,044	1,624	1,080
Prepaid expenses and accrued income	101	367	106
Total current receivables	2,985	4,501	2,942
Current investments	18,134	13,912	17,572
Cash and bank balances	7,199	1,718	1,719
Total current assets	30,586	22,554	24,352
TOTAL ASSETS	65,407	58,266	58,989

LKAB – PARENT COMPANY

CONDENSED BALANCE SHEET

MSEK	31 Mar 2018	31 Mar 2017	31 Dec 2017
TOTAL EQUITY AND LIABILITIES			
Equity			
Restricted equity			
Share capital (700,000 shares)	700	700	700
Statutory reserve	697	697	697
Non-restricted equity			
Profit brought forward	20,566	14,160	14,160
Profit/loss for the period	1,480	1,232	6,406
Total equity	23,444	16,789	21,964
Untaxed reserves	15,263	17,663	15,263
Provisions			
Provisions for urban transformation	9,187	9,181	9,198
Other provisions	1,440	1,507	1,464
Total provisions	10,627	10,688	10,661
Non-current liabilities			
Bond loans	3,236	3,235	3,235
Other non-current liabilities	2	4	3
Total non-current liabilities	3,238	3,239	3,238
Current liabilities			
Liabilities to credit institutions	5,101	2,797	935
Trade payables	995	924	949
Liabilities to subsidiaries	1,924	1,342	1,765
Current tax liabilities	300	348	510
Other current liabilities	219	26	140
Accrued expenses and deferred income	759	1,033	706
Provisions for urban transformation	3,391	3,287	2,713
Other provisions	147	131	147
Total current liabilities	12,836	9,887	7,864
TOTAL EQUITY AND LIABILITIES	65,407	58,266	58,989

NOTES

NOTE 1

Accounting principles

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.

Accounting principles changed due to new or amended IFRS

Described below are changed accounting principles applied by the Group with effect from 1 January 2018. In other respects the accounting principles applied in this interim report conform to the accounting principles applied in the preparation of the 2017 Annual Report. Other amendments to IFRS effective from 1 January 2018 have had no impact on consolidated earnings, financial position or the formulation of the interim report.

IFRS 9 Financial Instruments

Classification and measurement

Financial assets are classified into three categories: measurement either at amortized cost, at fair value through other comprehensive income or at fair value through profit or loss. The measurement category in which a financial asset is to be placed depends partly on the company's business model (the purpose for which the company holds the asset) and partly on the financial asset's contractual cash flows.

There are no material effects on the classification of financial assets as of 1 January 2018.

Impairment

The model used for impairment of financial assets is based on expected credit losses, rather than incurred losses as previously. Under the new impairment model, a year's expected losses are reserved already upon initial recognition. In the event of a significant increase in credit risk, the impairment amount must correspond to the credit losses that are expected to arise during the remaining term.

Based on historical bad debts, no impairment is reported as of 1 January 2018.

Hedge accounting

In accordance with IFRS 9, LKAB has decided that the forward points in forward exchange contracts when hedging cash flows for iron ore sales are to be reported separately as a cost of hedging. This means that the changes in forward points will be recognized in other comprehensive income and accumulated in a reserve for hedging costs within equity. Hedging costs are recognized in net sales.

The new reporting is being applied prospectively. As at 31 December 2017, hedging costs amounted to MSEK 5. The change also means that with effect from 2018, hedging costs are reported in net sales instead of as a financial expense.

The restatement of previous periods amounts to MSEK 21 for the first quarter of 2017 and MSEK 49 for full-year 2017. The transition to IFRS 9 has not resulted in any adjustment items that are recognized in equity.

IFRS 15 Revenue from Contracts with Customers

Revenue from contracts with customers is recognized in profit/loss for the year when control over the goods or services is transferred to the customer. The basic principle is that an entity recognizes revenue relating to the transfer of promised goods or services to customers at an amount that reflects the remuneration that the company expects to be entitled to receive in exchange for the goods or services.

The recognition of revenue is determined according to a five-step model:

- Step 1 Identify the contract(s) with a customer
- Step 2 Identify the performance obligations (promises) in the contract
- Step 3 Determine the transaction price
- Step 4 Allocate the transaction price to the performance obligations (promises) the contract
- Step 5 Recognize revenue when (or as) the entity satisfies a performance obligation

The transition to IFRS 15 has meant that demurrage – i.e. the cost for delayed loading of vessels – is reported differently. Under IFRS 15 the cost affects the transaction price and is recognized as a part of the net sales that relate to sales of iron ore, rather than as cost of goods sold. The restatement of previous periods amounts to MSEK 8 for the first quarter of 2017 and MSEK 76 for full-year 2017. The transition has not resulted in any adjustment items that are recognized in equity.

New IFRS standards that have not yet begun to be applied

LKAB has begun an analysis of the effects of the new standard IFRS 16 Leases, which will come into effect at the beginning of 2019. Management's assessment is that IFRS 16 may affect the amounts recognized in the financial statements, but that the effects will not be significant. The application of IFRS 16 has not yet been analyzed in detail, so the effects cannot yet be quantified.

NOTE 2

Risks and uncertainties

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, analyze and control how various types of risks affect the business and how LKAB can best avoid or confront them. Effective risk management is a business-critical success factor.

Major risks are LKAB's access to land for the mining operations, volume dependency, the price of iron ore products and transaction exposure in USD.

For further information concerning risks, refer to LKAB's 2017 Annual Report.

NOTE 3

Significant assumptions and estimates

The preparation of financial statements requires management and the Board of Directors to make assessments and assumptions that affect recognized assets, liabilities, income and expenses and other information provided, such as contingent liabilities. For further information concerning these, please refer to LKAB's 2017 Annual Report.

NOTE 4

Events after the end of the reporting period

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

NOTE 5

Transactions with related parties

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

NOTES

NOTE 6

Disclosures regarding financial instruments

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

Group, 31 Mar 2018

(MSEK)	Level 1	Level 2	Level 3	Total
Shares, financial assets	996			996
Shares, current holdings		5,033		5,033
Interest-bearing instruments		13,490		13,490
Derivatives	-11	-34		-45
Total	985	18,489		19,474

Group, 31 Dec 2017

(MSEK)	Level 1	Level 2	Level 3	Total
Shares, financial assets	950			950
Shares, current holdings		4,964		4,964
Interest-bearing instruments		13,077		13,077
Derivatives		65		65
Total	950	18,106		19,056

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.

Level 1

Quoted prices (unadjusted) on active markets for identical assets or liabilities.

Level 2

Inputs other than quoted market prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).

Level 3

Inputs for the asset or liability that are not based on observable market data (unobservable inputs).

Interest-bearing instruments

The value of interest-bearing instruments is calculated using data from the interest-bearing securities market, obtained from Bloomberg.

Shares and alternative investments

The value of these investments is calculated using data from the stock market or received directly from brokers.

Derivatives

The fair values of derivative contracts are calculated using official quotations obtained from Bloomberg.

No transfers have been made between Levels 1 and 2.

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 7

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/loss after tax as a percentage of average equity (rolling 12-month figures)
Underlying operating profit	Operating profit excluding costs for urban transformation provisions and impairment of intangible assets and of property, plant and equipment
Operating cash flow	Cash flow from operating activities and investing activities relating to property, plant and equipment
Net financial indebtedness	Interest-bearing liabilities less interest-bearing assets
Net debt/equity ratio	Net financial indebtedness divided by equity

Reconciliation

Underlying operating profit

(MSEK)	Q1 2018	Q1 2017	Full year 2017
Operating profit/loss	1,561	1,689	5,975
Less:			
Costs for urban transformation provisions	795	231	1,147
Impairment of property, plant and equipment			26
Underlying operating profit	2,357	1,920	7,148

Operating cash flow

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

Net financial indebtedness

(MSEK)	31 Mar 2018	31 Mar 2017	31 Dec 2017
Loans payable	8,337	6,031	4,170
Provisions for pensions	1,612	1,799	1,642
Provisions, urban transformation	12,578	12,468	11,911
Provisions, remediation	1,299	1,284	1,290
Less:			
Cash and cash equivalents	-7,519	-2,362	-2,051
Current investments	-18,512	-14,030	-18,041
Financial investments	-1,367	-1,109	-1,303
Net financial indebtedness	-3,572	4,082	-2,382

Net debt/equity ratio

(MSEK)	31 Mar 2018	31 Mar 2017	31 Dec 2017
Net financial indebtedness, MSEK	-3,572	4,082	-2,382
Equity, MSEK	37,996	32,353	36,348
Net debt/equity ratio, %	-9.4	12.6	-6.6

NOTES

NOTE 8

Segment reporting

Segment information is provided on pages 5–8 of the interim report.

The divisions in summary

MSEK	Northern		Southern		Special Products		Other		Eliminations/ group adjustments		Group	
	Q1 2018	Q1 2017	Q1 2018	Q1 2017	Q1 2018	Q1 2017	Q1 2018	Q1 2017	Q1 2018	Q1 2017	Q1 2018	Q1 2017
External income	3,359	3,677	2,341	2,352	487	437	40	-954			6,227	5,512
Internal income	78	33	7	6	353	302	14	23	-452	-364		
Total net sales	3,437	3,710	2,348	2,358	840	739	54	-931	-452	-364	6,227	5,512
Operating profit/loss	870	1,519	729	1,057	64	82	-110	-977	8	8	1,561	1,689
Net financial income/ expense											201	132
Profit/loss before tax											1,762	1,821

NOTE 9

Revenue breakdown

External income for the segments is reported below broken down by product/service area and region.

Product/service area

MSEK	Northern/Southern		Special Products		Other		Group	
	Q1 2018	Q1 2017	Q1 2018	Q1 2017	Q1 2018	Q1 2017	Q1 2018	Q1 2017
Blast furnace pellets	3,649	3,655					3,649	3,655
DR pellets	1,411	1,690					1,411	1,690
Fines	605	645					605	645
Magnetite			177	148			177	148
Mineral sands			136	103			136	103
Other industrial minerals			137	147			137	147
Drilling technology			6	18			6	18
Mining and construction services			31	21			31	21
Financial activities					15	-978	15	-978
Other	35	39			25	24	60	63
Total external income	5,700	6,029	487	437	40	-954	6,227	5,512

Region

Europe	4,132	4,377	333	300	40	-954	4,505	3,723
MENA	1,279	1,514					1,279	1,514
USA	91	106	21	19			112	125
China	198	32	133	115			331	147
Other				3				3
Total external income	5,700	6,029	487	437	40	-954	6,227	5,512

NOTES

NOTE 10

Pledged assets and contingent liabilities, Parent Company

Pledged assets

MSEK	31 Mar 2018	31 Mar 2017	31 Dec 2017
<i>As pledged assets for own liabilities and provisions</i>			
Company-owned endowment insurance	112	110	112
Deposit of cash and cash equivalents	121	121	121
Collateral provided, derivatives	225	883	208
Pledged assets, bonds	4,901	1,996	733
Total pledged assets	5,359	3,110	1,174

Contingent liabilities

MSEK	31 Mar 2018	31 Mar 2017	31 Dec 2017
Guarantees, FPG/PRI	15	15	15
Guarantees, GP plan	4	4	4
Guarantees, Swedish Tax Agency	63	115	63
Surety given for subsidiaries	33	32	33
Collateral, remediation	65	65	68
Total contingent liabilities	180	231	183

NOTE 11

Quarterly data for the Group

MSEK	Note	Q1 2018	Q4 2017	Q3 2017	Q2 2017	Q1 2017	Q4 2016	Q3 2016	Q2 2016
Net sales		6,227	6,208	5,958	5,689	5,512	4,517	4,258	3,800
Underlying operating profit		2,357	1,691	2,083	1,454	1,920	527	762	-174
Costs for urban transformation provisions		-795	-353	-263	-300	-231	-1,179	-489	-103
Impairment of property, plant and equipment			-14	-12			-1,192		
Operating profit/loss		1,561	1,324	1,808	1,154	1,689	-1,844	273	-277
Net financial income/expense		201	47	40	71	132	-34	359	108
Profit/loss before tax		1,762	1,371	1,849	1,224	1,822	-1,878	632	-169
Operating cash flow		1,770	587	1,916	3,063	1,571	-356	214	-644
Investments in property, plant and equipment		594	600	489	547	372	756	673	1,024
Deliveries of iron ore products, Mt		6.8	7.3	7.1	6.6	6.6	6.8	7.2	6.7
Proportion of pellets, %		84	81	81	84	86	84	84	83
Production of iron ore products, Mt		7.3	7.2	6.5	6.3	7.2	7.1	6.8	6.1
Return on equity, %		13.4	14.4	6.6	4.0	0.4	neg	1.2	neg
Net debt/equity ratio, %		-9.4	-6.6	-4.4	2.1	12.6	20.7	17.2	17.6

LKAB 2017 IN BRIEF

EUROPE

LKAB is the EU's largest iron ore producer and mines around 80 percent of all iron ore within the EU

83%

Iron ore pellets account for 83 percent of LKAB's iron ore deliveries

2

LKAB is the world's second-largest producer in the seaborne pellet market

1890

LKAB is one of Sweden's oldest industrial companies and has customer relationships dating back more than a century

SEK 23.5 bn

LKAB's total sales in 2017

100%

 LKAB is wholly owned by the Swedish state

4,118

total number of employees

LKAB's mines and processing plants are located in the Swedish orefields – in Kiruna, Malmberget and Svappavaara. The iron ore products are transported along the Ore Railway to the ports of Narvik and Luleå for shipment to customers around the world.



LKAB IS ORGANIZED INTO THREE DIVISIONS

NORTHERN DIVISION

Mine, processing and support functions in Kiruna

SOUTHERN DIVISION

Mine, processing and support functions in Malmberget and Svappavaara

SPECIAL PRODUCTS DIVISION

Develops and markets industrial minerals, drilling technology and full service solutions for the mining and construction industries