2015

INTERIM REPORT Q2

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

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Financial information is also available on lkab.com*

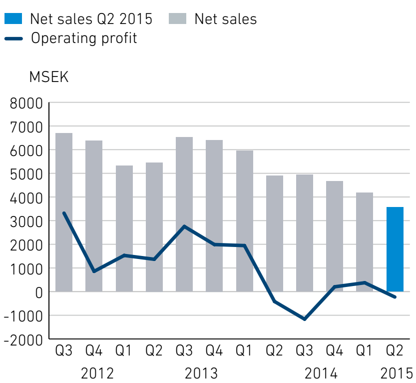
APRIL – JUNE

- NET SALES TOTALLED MSEK 3,567 (4,957).
- OPERATING LOSS WAS MSEK -228 (-417).
- OPERATING PROFIT BEFORE COSTS FOR URBAN TRANSFORMATION PROVISIONS WAS MSEK 23 (859).
- LOSS BEFORE TAX TOTALLED MSEK -548 (-319).
- LOSS FOR THE PERIOD WAS MSEK -416 (-247).
- OPERATING CASH FLOW WAS MSEK -1,488 (643).
- DELIVERIES OF IRON ORE TOTALLED 5.3 (6.0) MT.

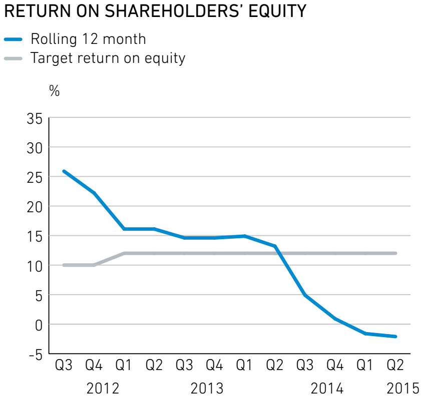
JANUARY – JUNE

- NET SALES TOTALLED MSEK 7,745 (10,963).
- OPERATING PROFIT WAS MSEK 147 (1,530).
- OPERATING PROFIT BEFORE COSTS FOR URBAN TRANSFORMATION PROVISIONS WAS MSEK 622 (2,883).
- PROFIT BEFORE TAX TOTALLED MSEK 188 (1,707).
- PROFIT FOR THE PERIOD WAS MSEK 190 (1,343).
- OPERATING CASH FLOW WAS MSEK -1,195 (2,764).
- DELIVERIES OF IRON ORE TOTALLED 11.2 (12.6) MT.

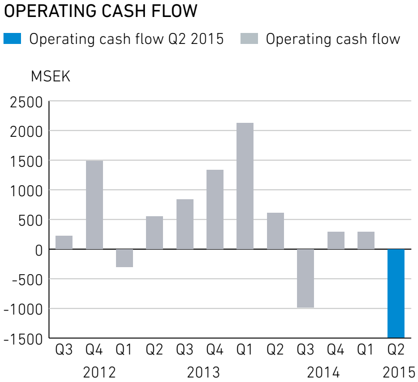
NET SALES AND OPERATING PROFIT



RETURN ON SHAREHOLDERS' EQUITY



OPERATING CASH FLOW



COMMENTS BY THE PRESIDENT AND CEO

COSTS IN FOCUS AS PRICE PRESSURE CONTINUES IN THE MARKET

Low iron ore prices and fewer deliveries are putting pressure on LKAB's profitability. Meanwhile, efforts to reduce costs are having a positive effect. Operating profit before provisions for urban transformation totalled MSEK 23 (859).

The global iron ore market is influenced by a continued oversupply of iron ore fines, a market situation that is expected to persist for quite some time. The world's major iron ore producers continue to increase their production volume despite an oversupply of iron ore. The spot price[1] reached a new low of USD 48/tonne in April. The price rebounded slightly in May and June and reached USD 60/tonne by the end of the quarter.

Demand for LKAB's high-grade iron ore products remained stable and the pellet premium is in line with last year, which favours LKAB since the proportion of pellets for the quarter was 84 (83) percent.

The production volume for the quarter amounted to 5.8 (6.0) Mt. Problems with the supply of crude ore from the underground mines was the primary reason for the negative effect on production. Deliveries totalled 5.3 (6.0) Mt. Besides the shortage of crude ore, deliveries were affected by an extended maintenance stoppage in the Port of Narvik and delays in deliveries to customers in the MENA region.

LKAB received a permit from the Land and Environment Court on 2 April for mining in the Leveäniemi pit. In order to improve the crude ore situation, small-scale production is now being planned to begin as early as the summer of 2015. Full production should be reached in Q2 2016 as previously announced. Work is being done in the Mertainen open-pit mine to enable production to start during 2016.

A comprehensive effort to cut costs is in progress. Negotiations on organisational changes were conducted during the quarter and negotiations on personnel reductions equivalent to 400 positions will be carried out in the autumn. Savings to date of the previously announced MSEK 700 for 2015 total MSEK 380.

Earnings were charged with costs for urban transformation provisions of MSEK 251 (1,275) for the quarter. Outstanding obligations at the end of the quarter amounted to MSEK 11,743. Additional provisions for urban transformation may be charged to earnings in the second half of the year, partly due to a new ruling by the Land and Environment Court announced on 19 May regarding conditions for LKAB's operations in Malmberget. LKAB has appealed parts of the judgment.

During the quarter, LKAB's board of directors appointed Jan Moström as the new President and CEO of LKAB. Mr. Moström will assume his duties on 15 August, one month earlier than previously announced.

[1]Platts IODEX 62% Fe CFR North China

Lars-Eric Aaro
President and CEO

THE LKAB GROUP IN SUMMARY

OPERATIONS – SECOND QUARTER

	Q2 2015	Q2 2014	Change
Net sales, MSEK	3,567	4,957	-1,390
Operating profit before expenses for urban transformation, MSEK	23	859	-836
- Urban transformation expenses, MSEK	-251	-1,275	1,025
Operating profit, MSEK	-228	-417	189
Loss from financial items, MSEK	-320	98	-417
Profit before tax, MSEK	-548	-319	-229
Loss for the period, MSEK	-416	-247	-169
Operating cash flow, MSEK	-1,488	643	-2,131
Capital expenditures in property, plant and equipment, MSEK	1,595	1,308	287
Depreciations, MSEK	-781	-718	-64
Production, Mt	5,8	6,0	-0,2
Deliveries, Mt	5,3	6,0	-0,7
Proportion of pellets, %	84	83	1
Stocks of finished products, Mt	1,8	1,2	0,6
Gross profit margin, %	2	-1	
Operating margin, %	-6	-8	

Operating profit before costs for urban transformation provisions was MSEK 23 (859), corresponding to an operating margin of 6 (17) percent. Net sales decreased by 28 percent, with price having a negative effect of 25 percent, volume/product mix having a negative effect of 13 percent and currency having a positive effect of 10 percent.

Costs for urban transformation provisions in Q2 totalled MSEK 251 (1,275).

Production volume for the quarter was 5.8 (6.0) Mt, which was 3 percent lower when compared year-on-year. Problems with the supply of crude ore from the underground mines was the primary reason for the negative effect on production.

Deliveries totalled 5.3 (6.0) Mt. Besides the shortage of crude ore, deliveries were affected by an extended maintenance stoppage in the Port of Narvik and delays in deliveries to customers in the MENA region.

Earnings from financial items were lower when compared year-on-year. A weak stock market, low returns on fixed income investments and exchange losses all contributed to the decline.

Operating cash flow was as follows:

(MSEK)	Q2 2015	Q2 2014	Change
Cash flow from operating activities before change in working capital	372	1,212	-840
Change in working capital	-265	739	-1,004
Capital expenditures (net)	-1,595	-1,308	-287
Operating cash flow	**-1,488**	**643**	**-2,131**

Operating cash flow was lower than the same period last year, mainly due to lower iron ore prices and delivery volumes and increased capital expenditure disbursements.

So far, the capital expenditures meant to raise capacity have been implemented as planned. But given the negative market trend, both ongoing and planned capital expenditures are being revised continuously. Despite this, remaining obligations will result in further negative cash flows for full-year 2015.

A number of activities concerning LKAB's long-term financing strategy were implemented in 2014. External financial liabilities at the end of the quarter were as follows:

	Nominal (MSEK)	Utilised (Nominal)	Available
Credit facilities			
Certificate programme, maturing 2015	5,000	800	4 200
Bond programme, maturing 2019	7,000	1,995	5,005
Credit facility	5,000	-	5,000
Total	**17,000**	**2,795**	**14,205**

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

THE LKAB GROUP IN SUMMARY

OPERATIONS – JANUARY–JUNE

	Q1-2 2015	Q1-2 2014	Change	Full year 2014
Net sales, MSEK	7,745	10,963	-3,218	20,615
Operating profit/loss before expenses for urban transformation, MSEK	622	2,883	-2,261	4,002
- Urban transformation expenses, MSEK	-475	-1,353	878	-3,432
Operating profit/loss, MSEK	147	1,530	-1,383	570
Profit/Loss from financial items, MSEK	41	177	-136	24
Profit/Loss before tax, MSEK	188	1,707	-1,519	594
Profit/Loss for the period, MSEK	190	1,343	-1,152	347
Operating cash flow, MSEK	-1,195	2,764	-3,959	2,072
Capital expenditures in property, plant and equipment, MSEK	3,192	2,398	794	5,491
Depreciations, MSEK	-1,441	-1,354	-87	2,866
Production, Mt	12,0	12,6	-0,6	25,7
Deliveries, Mt	11,2	12,6	-1,4	26,0
Proportion of pellets, %	85	85	-	83
Stocks of finished products, Mt	1,8	1,2	0,6	0,8
Gross profit margin, %	9	20	-11	9
Operating margin, %	2	14	-12	3
Net financial indebtedness[2]	1,428	-2,226		-16

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

Operating profit before costs for urban transformation provisions was MSEK 622 (2,883), corresponding to an operating margin of 8 (26) percent. Net sales decreased by 29 percent, with price having a negative effect of 28 percent, volume/product mix having a negative effect of 12 percent and currency having a positive effect of 11 percent.

Costs relating to provisions for urban transformation amounted to MSEK 475 (1,353) during the first half of the year.

Production volume totalled 12.0 (12.6) Mt, which was five percent lower when compared year-on-year. Production was negatively affected mainly by problems with the supply of crude ore from the underground mines. Besides the disruptions occurring in Q2, the first half of the year was also affected by problems in conjunction with the commissioning of vertical chutes and mine hoists for the new main level in Kiruna.

Deliveries of iron ore totalled 11.2 (12.6) Mt. Uncertainty about the production capacity of the mines resulted in more cautious delivery planning in the first half of the year in order to ensure reliable deliveries to customers.

Earnings from financial items were lower when compared year-on-year, mainly due to higher interest expenses, exchange losses and increased costs related to hedging activities.

Operating cash flow was as follows:

(MSEK)	Q1-2 2015	Q1-2 2014	Change	Full year 2014
Cash flow from operating activities before change in working capital	1,881	3,537	-1,656	5,911
Change in working capital	114	1,621	-1,507	1,624
Capital expenditures (net)	-3,190	-2,394	-796	-5,463
Operating cash flow	**-1,195**	**2,764**	**-3,959**	**2,072**

Operating cash flow was lower than the same period last year, mainly due to lower iron ore prices and delivery volumes and increased capital expenditure disbursements.

So far, the capital expenditures meant to raise capacity have been implemented as planned. But given the negative market trend, both ongoing and planned capital expenditures are being revised continuously. Despite this, remaining obligations will result in further negative cash flows for full-year 2015.

THE STEEL AND IRON ORE MARKET

The global steel and iron ore industry

Global production of crude steel decreased by 2.4 percent in Q2, compared with the same period last year. The price trend for steel remained weak during the quarter. An oversupply of steel and subdued demand in China led to relatively large exports of Chinese steel to other markets, which contributed to the negative price trend.

Growth in demand for iron ore slowed somewhat in Q2, mainly in China. Meanwhile, the supply of new volumes of fines continued to increase. Demand for LKAB's highly refined iron ore products continues to be good.

Europe

Production of crude steel in the EU28 increased by 1.0 percent in Q2, compared with the same period last year.

Middle East and North Africa (MENA)

Production of crude steel in MENA increased by 1.1 percent during the quarter, compared with the same period last year.

USA

Production of crude steel fell by 9.1 percent in Q2, compared with the same period last year. Falling oil prices, increased steel imports and large stockpiles of steel have depressed demand and prices for steel in the United States.

China

Production of crude steel decreased by 1.1 percent in Q2, as compared year-on-year. Industrial production was weaker than GDP and a continued weak PMI underlined the weaker demand in the manufacturing sector. China's iron ore imports amounted to 226 Mt in Q2, a decrease of 3.9 percent as compared year-on-year.

Iron ore spot price developments

Q2 had a weak start, with the spot price[1] noting its lowest level so far this year at USD 48/tonne in early April. The spot price rose gradually, reaching USD 66/tonne, its highest level for the quarter, in June. The Q2 average was USD 58/tonne, which is a decrease of 6 percent compared with last quarter. During the quarter, port inventories of iron ore in China declined from just below 100 Mt in April to about 79 Mt in June. The average for the first half of the year was USD 60/tonne, which is down 46 percent from the first half of 2014.

[1]Platts IODEX 62% Fe CFR North China

IRON ORE SPOT PRICE DEVELOPMENTS

January 1, 2009 - June 30, 2015

Source: PLATTS IODEX 62% Fe CFR North China

MINING DIVISION

OPERATIONS SUMMARY

	Q2 2015	Q2 2014	Q1-2 2015	Q1-2 2014	Full year 2014
Net sales, MSEK	3,221	4,566	7,076	10,231	19,013
Operating profit/loss before expenses for urban transformation, MSEK	-63	710	521	2,655	3,655
- Urban transformation expenses, MSEK	-251	-1,275	-475	-1,353	-3,432
Operating profit, MSEK	-314	-566	46	1 302	223
Gross profit margin, %	-5	-6	6	18	6
Operating margin, %	-10	-12	1	13	1
Production, Mt	5,8	6,0	12,0	12,6	25,7
Deliveries, Mt	5,3	6,0	11,2	12,6	26,0
Proportion of pellets, %	84	83	85	85	83

Second quarter

Operating loss before costs for urban transformation provisions was MSEK -63 (710), corresponding to an operating margin of -2 (16) percent. Net sales decreased by 29 percent, with price having a negative effect of 28 percent, volume/product mix having a negative effect of 11 percent and currency having a positive effect of 10 percent.

Costs relating to provisions for urban transformation amounted to MSEK 251 (1,275) in Q2.

Production volume for the quarter was 5.8 (6.0) Mt, which was 3 percent lower when compared year-on-year. Problems with the supply of crude ore from the underground mines and delayed start-ups after planned maintenance stoppages had a negative effect on production during the period. The shortage of crude ore is mostly due to high seismic activity in the Printzsköld ore body in Malmberget, which limited load capacity and meant lower iron content in the crude ore hauled up. The Kiruna mine experienced inadequate haulage availability after a breakdown in the only remaining mine hoist in the old 1045 main level.

Iron ore deliveries amounted to 5.3 (6.0) Mt. Adverse effects on deliveries included an extended maintenance shutdown in the Port of Narvik and delayed deliveries to the MENA region.

First half of the year

Operating profit before costs for urban transformation provisions was MSEK 521 (2,655), corresponding to an operating margin of 7 (26) percent. Net sales decreased by 31 percent, with price having a negative effect of 31 percent, volume/product mix having a negative effect of 11 percent and currency having a positive effect of 11 percent.

Costs for urban transformation provisions in the first half of the year totalled MSEK 475 (1,353).

Production volume was 12.0 (12.6) Mt, which was 5 percent lower when compared year-on-year. Production was adversely affected mainly by problems with the supply of crude ore from the underground mines. Besides the disruptions occurring in Q2, the first half of the year was also affected by problems in conjunction with the commissioning of vertical chutes and mine hoists for the new main level in Kiruna.

Deliveries of iron ore totalled 11.2 (12.6) Mt. Uncertainty about the production capacity of the mines resulted in more cautious delivery planning in the first half of the year in order to ensure reliable deliveries to customers.

MINERALS DIVISION

OPERATIONS SUMMARY

	Q2 2015	Q2 2014	Q1-2 2015	Q1-2 2014	Full year 2014
Net sales, MSEK	387	423	735	776	1,870
Operating profit, MSEK	11	44	46	75	212
Gross profit margin, %	16	18	18	17	18
Operating margin, %	3	11	6	10	11

Operating profit for the quarter and first half of the year was lower than last year mainly due to a lower volume of magnetite sales. Coordination of production facilities and non-recurring costs in the form of write-downs of stocks and closures had a negative impact on the quarter's operating profit.

There continues to be uncertainty in the oil and gas industry. Customer projects have been postponed, which affected the quarter's deliveries of magnetite for ballasting. There was activity in the water treatment market in Europe and North America, but with pressure on market prices.

SPECIAL BUSINESSES DIVISION

OPERATIONS SUMMARY

	Q2 2015	Q2 2014	Q1-2 2015	Q1-2 2014	Full year 2014
Net sales, MSEK	502	377	919	778	1,732
Operating profit/loss, MSEK	12	-9	28	38	153
Gross profit margin, %	23	6	17	10	15
Operating margin, %	2	-2	3	5	9

Operating profit for Q2 was higher than last year, primarily due to more assignments for LKAB Berg & Betong for the Mining Division.

LKAB – PARENT COMPANY

OPERATIONS SUMMARY

	Q2 2015	Q2 2014	Q1-2 2015	Q1-2 2014	Full year 2014
Net sales, MSEK	3,230	4,552	7,081	10,209	18,970
Operating profit/loss before expenses for urban transformation, MSEK	-47	705	456	2,599	3,520
- Urban transformation expenses, MSEK	-251	-1,275	-475	-1,353	-3,432
Operating profit/loss, MSEK	-298	-570	-19	1 246	88
Capital expenditures in property, plant and equipment, MSEK	1,460	1,156	2,865	1 124	4,913
Liquidity, MSEK			14,847	15,121	16,408
Gross profit margin, %	-5	-6	4	17	6
Operating margin, %	-9	-13	0	12	0

Second quarter

Operating loss before costs for urban transformation provisions decreased to MSEK -47 (705), corresponding to an operating margin of -1 (15) percent. Net sales decreased by 29 percent, with price having a negative effect of 28 percent, volume/product mix having a negative effect of 11 percent and currency having a positive effect of 10 percent.

Costs for urban transformation provisions in Q2 totalled MSEK 251 (1,275).

Production volume for the quarter was 5.8 (6.0) Mt, which was 3 percent lower when compared year-on-year. Problems with the supply of crude ore from the underground mines and delayed start-ups after planned maintenance stoppages had a negative effect on production during the period. The shortage of crude ore is mostly due to seismic activity in the Printzsköld ore body in Malmberget, which limited load capacity and meant lower iron content in the crude ore hauled up. The Kiruna mine experienced inadequate haulage availability after a breakdown in the only remaining mine hoist in the old 1045 main level.

Deliveries of iron ore totalled 5.3 (6.0) Mt. Adverse effects on iron ore deliveries included an extended maintenance stoppage in the Port of Narvik and delays in deliveries to the MENA region.

First half of the year

Operating profit before urban transformation costs decreased to MSEK 456 (2,599), equivalent to an operating margin of 6 (25) percent. Net sales decreased by 31 percent, with price having a negative effect of 31 percent, volume/product mix having a negative effect of 11 percent and currency having a positive effect of 11 percent.

Costs for urban transformation provisions in the first half of the year totalled MSEK 475 (1,353).

Production volume was 12.0 (12.6) Mt, which was 5 percent lower when compared year-on-year. Production was adversely affected mainly by problems with the supply of crude ore from the underground mines. Besides the disruptions occurring in Q2, the first half of the year was also affected by problems in conjunction with the commissioning of vertical chutes and mine hoists for the new main level in Kiruna.

Deliveries of iron ore totalled 11.2 (12.6) Mt. Uncertainty about the production capacity of the mines resulted in more cautious delivery planning in the first half of the year in order to ensure reliable deliveries to customers.

TRANSACTIONS WITH RELATED PARTIES

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

RISKS AND UNCERTAINTY FACTORS

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

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

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

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

OUTLOOK FOR 2015

Demand for LKAB's pellet products is expected to remain stable despite the large oversupply of iron ore fines. Pressure on the spot price[1] affects LKAB's profitability and cash flows significantly. Developments in the market imply a continued strong focus on cost reductions and efficiency measures. The target is savings of MSEK 700 over the full year.

So far, the capital expenditures meant to raise capacity have been implemented as planned. Given the negative market trend, both ongoing and planned capital expenditures are being revised continuously. Despite this, remaining obligations will result in further negative cash flows for full-year 2015.

An extended maintenance stoppage in the KK4 pelletizing plant in Kiruna to replace the mantle ring in the pelletizing plant's furnace in Q3 will reduce production by about half a million tonnes. The reduction will not affect LKAB's customers. Work on growth investments in the Svappavaara Field continues with the aim of increasing LKAB's supply of upgraded products.

As regards urban transformation, negotiations continue with the municipalities concerned and provisions will continue to affect LKAB's income statement and balance sheet. Additional provisions for urban transformation may be charged to earnings in the second half of the year, partly due to a new ruling by the Land and Environment Court announced on 19 May regarding conditions for LKAB's operations in Malmberget. LKAB has appealed parts of the judgment.

[1]Platts IODEX 62% Fe CFR North China

ACCOUNTING PRINCIPLES

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

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

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

This report has not been subject to review by the company's auditor.

Luleå, 14 August 2015
Luossavaara-Kiirunavaara AB (plc)

Sten Jakobsson
Chairman of the Board

Hans Biörck
Board member

Leif Darner
Board member

Maija-Liisa Friman
Board member

Eva Hamilton
Board member

Lars-Åke Helgesson
Board member

Hanna Lagercrantz
Board member

Lars Pettersson
Board member

Stefan Fagerkull
Employee representative

Tomas Strömberg
Employee representative

Jan Thelin
Employee representative

Lars-Eric Aaro
President and CEO

FINANCIAL INFORMATION	DATE
Interim report Q3 2015	23 October 2015
Year-end report 2015	15 February 2016
Annual report 2015	31 March 2016
Annual General Meeting	April 2016

Reports are available at www.lkab.com.
Any questions concerning the Q2 Interim Report may be directed to Lars-Eric Aaro, President and CEO, +46 920 381 06, or Katarina Holmgren, Senior Vice President, Finance, +46 920 381 58.

CONSOLIDATED INCOME STATEMENT

(MSEK)	Q2 2015	Q2 2014	Q1-2 2015	Q1-2 2014	Full year 2014
Net sales	3,567	4,957	7,745	10,963	20,615
Cost of goods sold	-3,490	-5,009	-7,036	-8,791	-18,781
Gross Profit/Loss	**78**	**-53**	**709**	**2,172**	**1,834**
Selling expenses	-41	-33	-78	-66	-151
Administrative expenses	-118	-160	-257	-308	-596
Research and development expenses	-72	-134	-144	-228	-451
Other operating income	57	46	125	133	311
Other operating expenses	-132	-83	-207	-173	-377
Operating profit/loss	**-228**	**-417**	**147**	**1,530**	**570**
Financial income	19	181	330	379	519
Financial expenses	-339	-84	-289	-202	-495
Net financial income/expense	**-320**	**98**	**41**	**177**	**24**
Profit/Loss before tax	**-548**	**-319**	**188**	**1,707**	**594**
Tax	132	72	2	-364	-247
Profit/Loss for the period	**-416**	**-247**	**190**	**1,343**	**347**
Attributable to Parent Company shareholders	-416	-247	190	1,343	347
Earnings per share before and after dilution (SEK)	-594	-353	272	1,919	496
Number of shares	700,000	700,000	700,000	700,000	700,000

CONSOLIDATED COMPREHENSIVE INCOME

(MSEK)	Q2 2015	Q2 2014	Q1-2 2015	Q1-2 2014	Full year 2014
Profit/Loss for the period	**-416**	**-247**	**190**	**1,343**	**347**
Other comprehensive income for the period					
Items that will not be reclassified to profit for the year					
Actuarial gains and losses	198	-45	-55	-101	-284
Tax attributable to actuarial gains and losses	-44	10	12	22	62
Total items that will not be reclassified to profit for the year	**154**	**-35**	**-43**	**-79**	**-222**
Items that will be reclassified to profit for the year					
Gains/losses on translation of foreign entities for the period	-19	35	-8	52	74
Change in fair value of available-for-sale financial assets for the period	10	151	-29	159	-45
Changes in fair value of cash flow hedges for the period	103	-122	615	-147	-410
Changes in fair value of cash flow hedges reclassified to profit for the year	-134	-28	-51	-35	-67
Tax attributable to components of cash flow hedges	6	33	-124	40	105
Total items that will be reclassified to profit for the year	**-34**	**69**	**403**	**69**	**-343**
Other comprehensive income	**120**	**34**	**360**	**-10**	**-565**
Comprehensive income attributable to Parent Company shareholders for the period	**-297**	**-213**	**550**	**1,333**	**-218**

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

(MSEK)	30 June 2015	30 June 2014	31 Dec 2014
ASSETS			
Non-current assets			
Intangible assets	239	263	228
Property, plant and equipment	40,843	37,988	39,529
Financial investments	865	1,139	912
Deferred tax asset	28	7	44
Non-current receivables	20	68	62
Total non-current assets	**41,995**	**39,465**	**40,775**
Current assets			
Inventories	2,909	2,436	2,553
Accounts receivable	1,313	1,815	1,908
Prepaid expenses and accrued income	182	215	158
Other current receivables	745	902	876
Current investments	12,005	11,734	11,505
Cash and cash equivalents	3,581	3,786	5,358
Total current assets	**20,735**	**20,888**	**22,358**
TOTAL ASSETS	**62,730**	**60,353**	**63,133**
EQUITY AND LIABILITIES			
Equity			
Share capital	700	700	700
Reserves	503	513	100
Retained earnings including profit for the year	36,963	38,092	36,954
Equity attributable to Parent Company shareholders	**38,166**	**39,305**	**37,754**
Total equity	**38,166**	**39,305**	**37,754**
Non-current liabilities			
Non-current interest-bearing liabilities	1,995		1,995
Provisions for pensions and similar commitments	2,197	1,880	2,156
Provisions for urban transformation	9,821	8,013	9,644
Other provisions	1,152	1,214	1,167
Deferred tax liabilities	3,408	3,478	3,423
Total non-current liabilities	**18,573**	**14,585**	**18,385**
Current liabilities			
Liabilities to credit institutions	800	797	798
Trade payables	1,574	1,566	1,691
Other current liabilities	435	301	1,121
Accrued expenses and deferred income	1,139	1,118	1,207
Provisions for urban transformation	1,922	2,661	2,039
Other provisions	120	20	138
Total current liabilities	**5,990**	**6,463**	**6,994**
Total liabilities	**24,564**	**21,048**	**25,379**
TOTAL EQUITY AND LIABILITIES	**62,730**	**60,353**	**63,133**

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

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

		Equity attributable to Parent Company				
		Reserves				
(MSEK)	Share capital	Translation reserve	Fair value reserve	Hedging reserve	Retained earnings incl. profit for the year	Total equity
Opening equity 1 Jan 2015	**700**	**-65**	**481**	**-316**	**36,954**	**37,754**
Profit for the period					190	190
Other comprehensive income for the period		-8	-29	440	-43	360
Comprehensive income for the period		**-8**	**-29**	**440**	**148**	**550**
Dividend					-139	-139
Closing equity 30 June 2015	**700**	**-73**	**452**	**124**	**36,963**	**38,166**

CONSOLIDATED STATEMENT OF CASH FLOW

(MSEK)	Q2 2015	Q2 2014	Q1-2 2015	Q1-2 2014	Full year 2014
Operating activities					
Profit/Loss before tax	-548	-319	188	1 707	594
Adjustment for items not included in cash flow	1 045	1 974	1 990	2 690	6 719
Income tax paid	-108	-374	-188	-731	-48
Expenditures, urban transformation	-17	-69	-98	-129	-1 354
Payment to retirement benefit plan			-10		
Cash flow from operating activities before changes in working capital	**372**	**1,212**	**1,881**	**3,537**	**5,911**
Cash flow from changes in working capital					
Increase (-)/Decrease (+) in inventories	-377	-59	-357	176	59
Increase (-)/Decrease (+) in operating receivables	363	783	958	1,657	1,222
Increase (+)/Decrease (-) in operating liabilities	-251	15	-488	-212	343
Change in working capital	**-265**	**739**	**114**	**1,621**	**1,624**
Cash flow from operating activities	**107**	**1,951**	**1,995**	**5,158**	**7,535**
Investing activities					
Acquisition of property, plant and equipment	-1,595	-1,308	-3,192	-2,398	-5,491
Disposal of property, plant and equipment		0	2	4	28
Acquisition/divestment of financial assets	642	-298	-446	-971	-703
Cash flow from investing activities	**-953**	**-1,606**	**-3,636**	**-3,365**	**-6,166**
Financing activities					
Borrowing	1	797	3	797	2,793
Dividends paid to Parent Company shareholders	-139	-3,500	-139	-3,500	-3,500
Cash flow from financing activities	**-138**	**-2,703**	**-136**	**-2,703**	**-707**
Cash flow for the period	**-984**	**-2,358**	**-1,777**	**-910**	**662**
Cash and cash equivalents at start of period	4,565	6,144	5,358	4,696	4,696
Cash and cash equivalents at end of period	3,581	3,786	3,581	3,786	5,358
Change in cash and cash equivalents	**-984**	**-2,358**	**-1,777**	**-910**	**662**
Sub-components of cash and cash equivalents					
Cash and bank balances			3,017	549	2,623
Current investments (maturity <90 days)			564	3,237	2,735
Cash and cash equivalents			**3,581**	**3,786**	**5,358**
LIQUIDITY					
Cash and cash equivalents			3,581	3,786	5,358
Current investments (maturity >90 days <1 year)			12,005	11,734	11,505
			15,586	**15,520**	**16,863**

OPERATING CASH FLOW

(MSEK)	Q2 2015	Q2 2014	Q1-2 2015	Q1-2 2014	Full year 2014
Cash flow from operating activities	**107**	**1,951**	**1,995**	**5,158**	**7,535**
Acquisition of property, plant and equipment	-1,595	-1,308	-3,192	-2,398	-5,491
Disposal of property, plant and equipment		0	2	4	28
Operating cash flow (excluding current investments)	**-1,488**	**643**	**-1,195**	**2,764**	**2,072**
Acquisition/divestment of financial assets	642	-298	-446	-971	-703
Cash flow from financing activities	-138	-2,703	-136	-2,703	-707
Cash flow for the period	**-984**	**-2,358**	**-1,777**	**-910**	**662**

PERSONNEL

	30 June 2015	30 June 2014	31 Dec 2014
Average number of employees	4,359	4,392	4,539
– of whom women	850	845	896
– of whom men	3,509	3,547	3,643

KEY RATIOS IN PERCENT

	30 June 2015	30 June 2014	31 Dec 2014
Gross profit margin	9,2	19,8	8,9
Profit margin	2,4	15,6	2,9
Return on equity	-2,1	13,2	0,9
Net debt/equity ratio	3,7	-5,7	0,0

Definitions

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

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

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

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

LKAB – PARENT COMPANY

INCOME STATEMENT

(MSEK)	Q2 2015	Q2 2014	Q1-2 2015	Q1-2 2014	Full year 2014
Net sales	3,230	4,552	7,081	10,209	18,970
Cost of goods sold	-3,377	-4,847	-6,773	-8,474	-17,911
Gross profit/loss	**-146**	**-295**	**309**	**1,735**	**1,059**
Selling expenses	-12	-16	-24	-30	-69
Administrative expenses	-75	-122	-169	-232	-447
Research and development expenses	-75	-133	-145	-227	-453
Other operating income	7	-0	13	29	72
Other operating expenses	3	-4	-2	-29	-74
Operating profit/loss	**-298**	**-570**	**-19**	**1,246**	**88**
Profit/loss from financial items	**-271**	**184**	**-88**	**264**	**371**
Profit after financial items	**-569**	**-386**	**-108**	**1,510**	**459**
Appropriations					535
Profit/loss before tax	**-569**	**-386**	**-108**	**1,510**	**994**
Tax	124	102	23	-324	-272
Profit/Loss for the period	**-445**	**-284**	**-85**	**1,186**	**722**

STATEMENT OF COMPREHENSIVE INCOME

(MSEK)	Q2 2015	Q2 2014	Q1-2 2015	Q1-2 2014	Full year 2014
Profit/Loss for the period	-445	-284	-85	1,186	722
Other comprehensive income for the period					
Comprehensive income for the period	**-445**	**-284**	**-85**	**1,186**	**722**

BALANCE SHEET

(MSEK)	30 June 2015	30 June 2014	31 Dec 2014
ASSETS			
Non-current assets			
Intangible assets	38	36	36
Property, plant and equipment	34,048	31,229	32,813
Financial assets			
Participations in subsidiaries	1,768	1,490	1,768
Receivables from subsidiaries	1,442	970	1,545
Other non-current securities	131	129	129
Other non-current receivables	92	139	134
Deferred tax asset	988	958	872
Total financial assets	**4,420**	**3,686**	**4,448**
Total non-current assets	**38,506**	**34,951**	**37,297**
Current assets			
Inventories	2,345	1,927	1,940
Current receivables			
Accounts receivable	889	1,459	1,385
Receivables from subsidiaries	1,576	2,400	1,450
Other current receivables	376	691	729
Prepaid expenses and accrued income	150	112	115
Total current receivables	**2,991**	**4,662**	**3,679**
Current investments	12,075	14,818	14,035
Cash and bank balances	2,771	303	2,373
Total current assets	**20,184**	**21,710**	**22,027**
TOTAL ASSETS	**58,690**	**56,661**	**59,324**

LKAB – PARENT COMPANY

BALANCE SHEET

(MSEK)	30 June 2015	30 June 2014	31 Dec 2014
EQUITY AND LIABILITIES			
Equity			
Restricted equity			
Share capital (700,000 shares)	700	700	700
Statutory reserve	697	697	697
Non-restricted equity			
Retained earnings	20,003	19,420	19,420
Profit for the period	-85	1,186	722
Total equity	**21,316**	**22,003**	**21,539**
Untaxed reserves	18,144	18,487	18,144
Provisions			
Provisions for urban transformation	9,821	8,013	9,644
Other provisions	1,468	1,666	1,490
Total provisions	**11,289**	**9,679**	**11,134**
Non-current liabilities			
Bond loans	1,995		1,995
Total non-current liabilities	**1,995**		**1,995**
Current liabilities			
Liabilities to credit institutions	800	797	798
Trade payables	1,154	1,229	1,236
Liabilities to subsidiaries	866	817	883
Other current liabilities	122	83	420
Accrued expenses and deferred income	961	885	998
Provisions for urban transformation	1,922	2,661	2,039
Other provisions	120	20	138
Total current liabilities	**5,945**	**6,492**	**6,512**
TOTAL EQUITY AND LIABILITIES	**58,690**	**56,661**	**59,324**
Pledged assets	1,012	245	808
Contingent liabilities	459	265	669

KEY RATIOS IN PERCENT

(MSEK)	30 June 2015	30 June 2014	31 Dec 2014
Gross profit margin	4,4	17,0	5,6
Profit margin	-1,5	14,8	2,4
Return on equity	-1,5	9,1	1,9

Definitions

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

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

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

Note 1 Disclosures regarding financial instruments

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

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

Group 30 June 2015

(MSEK)	Level 1	Level 2	Level 3	Total
Shares, financial assets	535			535
Alternative investments, short-term holding		2,496		2,496
Interest-bearing instruments, short-term holding		9,509		9,509
Cash and cash equivalents (short-term investments with maturities under three months)		564		564
Derivatives, cash flow hedges	154	-122		32
Total	**689**	**12,447**		**13,136**

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.

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

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

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

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

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