2013

INTERIM REPORT Q4

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

Financial information from LKAB is available in Swedish and English and can be obtained from:
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Financial information is also available on LKAB's website: www.lkab.com.

OCTOBER – DECEMBER

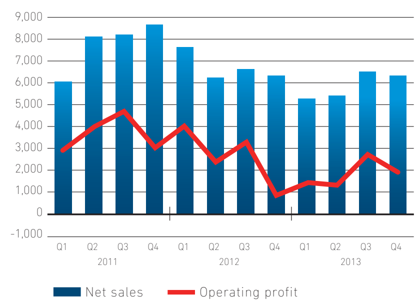
- NET SALES TOTALLED MSEK 6,347 (6,378).
- OPERATING PROFIT AMOUNTED TO MSEK 1,989 (856).
- PROFIT BEFORE TAX TOTALLED MSEK 1,986 (914).
- PROFIT FOR THE PERIOD AMOUNTED TO SEK 1,530 MILLION (1,340).
- OPERATING CASH FLOW TOTALLED MSEK 1,337 (1,483).
- DELIVERIES OF IRON ORE TOTALLED 6.6 (7.6) MT.

JANUARY – DECEMBER

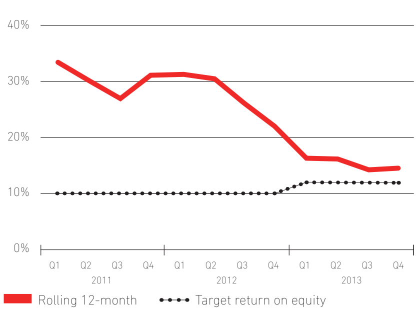
- NET SALES TOTALLED MSEK 23,656 (26,971).
- OPERATING PROFIT WAS MSEK 7,639 (10,589).
- PROFIT BEFORE TAX WAS MSEK 7,768 (10,977).
- PROFIT FOR THE PERIOD AMOUNTED TO SEK 6,032 MILLION (8,753).
- OPERATING CASH FLOW TOTALLED MSEK 2,434 (5,470).
- DELIVERIES OF IRON ORE TOTALLED 25.5 (26.3) MT.

COMMENTS BY THE PRESIDENT AND CEO

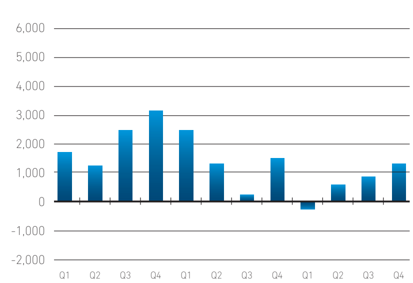
NET SALES AND OPERATING PROFIT MSEK



RETURN ON SHAREHOLDERS' EQUITY



OPERATIVT KASSAFLÖDE Mkr



Global production of crude steel increased by 3.5 percent in 2013. In the short term, the steel market is marked by a weak recovery and cautious optimism, which is expected to persist in early 2014. Steel companies continue to work with improving their profitability through streamlining, restructuring and other methods. One result of this is the proposed merger between two of LKAB's customers: SSAB and Rautaruukki.

The global demand for iron ore remains stable. During the fourth quarter the spot price (Platts IODEX 62% Fe CFR North China) for iron ore was more stable than the first half of the year despite volume growth in the market. In the second quarter of 2013 LKAB introduced a variable pricing model.

Demand for LKAB's products remained high during the quarter. Deliveries of iron ore products totalled 6.6 (7.6) Mt, a decrease of 13 percent. The high volume of deliveries in the last quarter of 2012 is due to a large proportion of sales from inventories 1.2 (1.2) Mt. Deliveries of iron ore for the full year totalled 25.5 (26.3) Mt.

During the quarter 6.9 (6.8) Mt were produced, which is slightly better than last year. Production had a weak start in 2013 and LKAB lost volume, particularly in the first half of the year, due to disruptions in the pelletizing plants. This was partly offset by a strong recovery in the fourth quarter. Production beat a monthly record set in 2010, both in November and in December. Production for full year 2013 was 25.3 (26.2) Mt.

Operating profit for full year 2013 decreased primarily as a result of lower delivery volumes, lower prices and a lower average dollar rate.

An even greater focus in our business on process optimization for safe, efficient production is yielding results. I wish to express deep gratitude to LKAB's workforce, who with enthusiasm managed to turn things around during the year. Preventive maintenance work will continue to be in sharp focus in 2014 in order to stabilize availability at a high level of production. This is the key to attaining our goals and the core of the extensive work being done to lower LKAB's costs, which will secure our long-term competitiveness.

At present, LKAB is waiting for permission to start up new iron ore mines in Mertainen and Leveäniemi. The Mertainen permit is presently being assessed by the Land and Environment Superior Court, which has not yet announced a final timetable. The planned production increase in the Mertainen surface mine is now delayed so that the full effect of LKAB's growth program has shifted.

The permit for the existing processing operation in Svappavaara and iron ore production in Gruvberget went into force 2 January 2014. The Gruvberget permit is for mining and processing of two million tonnes of ore per year. The permit also allows for the ore processing facilities in Svappavaara to produce 4.5 million tonnes of pellets or other products annually. The judgement indicates that LKAB's operation lives up to high environmental standards.

These permits are the first step in realizing LKAB's expansion plans for a new production rate of 37 million tonnes.

Lars-Eric Aaro
President and CEO

THE LKAB GROUP IN SUMMARY

OPERATIONS – FOURTH QUARTER

	Q4 2013	Q4 2012	Change
Net sales, MSEK	6,347	6,378	-31
Gross profit	2,405	1,189	1,216
Operating profit, MSEK	1,989	856	1,133
Profit from financial items, MSEK	-3	58	-61
Profit before tax, MSEK	1,986	914	1,072
Profit for the period, MSEK	1,530	1,340	190
Operating cash flow, MSEK	1,337	1,483	-146
Capital expenditures in property, plant and equipment, MSEK	1,722	1,748	-26
Depreciations, MSEK	742	526	216
Production, Mt [1]	6.9	6.8	0.1
Deliveries, Mt	6.6	7.6	-1.0
Proportion of pellets, %	83	84	-1
Inventories, Mt	1.2	1.2	-
Gross profit margin, %	38	19	+19
Operating margin, %	31	14	+17

[1] Effect of reduced corporate tax in Sweden of MSEK 719 is included in Q4 2012

Net sales decreased by 0.5 percent. The decrease is broken down into these factors: volume/mix -12.7 percent, price +16.7 percent and currency effect -4.5 percent. Without any US dollar hedges the foreign exchange effect would have been -5.2 percent.

The improved operating profit in the quarter is due primarily to a higher price level but is negatively affected by lower volumes (-1.0 Mt) and a lower average dollar rate.

The improvement in operating profit of MSEK 1,133 in the quarter was also due to lower costs for urban transformation compared to the same period in 2012. In 2013, costs for urban transformation were recognized continuously throughout the year. In the fourth quarter these costs totalled MSEK 224 (1,094). In 2012, all costs were recognized in the fourth quarter. LKAB's share of the cost of new loop lines on the Ofotbanen line in Norway encumbered profit in the fourth quarter by MSEK 185.

Earnings from financial items totalled MSEK -3 (58). The decline in the fourth quarter of 2013 compared to the prior year is due primarily to a stronger Swedish krona.

Operating cash flow was as follows:

	Q4 2013	Q4 2012	Change
Cash flow from operating activities	3,372	2,179	1,193
Change in working capital	-379	1,188	-1,567
Capital expenditures	-1,716	-1,742	26
Operating cash flow	**1,337**	**1,483**	**-146**

Cash flow from operating activities was positively affected by improved earnings and a tax refund of MSEK 1,292 related to prior years. A payment of MSEK 881 to the newly established retirement benefit plan had a negative effect on cash flow.

The change in working capital means more tied-up capital in accounts receivable as well as inventories.

THE LKAB GROUP IN SUMMARY

OPERATIONS – JANUARY–DECEMBER

	Full year 2013	Full year 2012	Change
Net sales, MSEK	23,656	26,971	-3,315
Gross profit	8,910	11,788	-2,878
Operating profit, MSEK	7,639	10,589	-2,950
Profit from financial items, MSEK	129	388	-259
Profit before tax, MSEK	7,768	10,977	-3,209
Profit for the period, MSEK [1)]	6,032	8,753	-2,721
Operating cash flow, MSEK	2,434	5,470	-3,036
Capital expenditures in property, plant and equipment, MSEK	6,141	5,808	333
Depreciations, MSEK	2,432	1,952	480
Production, Mt	25.3	26.2	-0.9
Deliveries, Mt	25.5	26.3	-0.8
Proportion of pellets, %	83	84	-1
Inventories, Mt	1.2	1.2	-
Gross profit margin, %	38	44	-6
Operating margin, %	32	39	-9
Liquidity, MSEK	15,497	18,672	-3,175
Return on equity (ROE)	14,7	22,2	-7,5

[1)] Effect of reduced corporate tax in Sweden of MSEK 719 is included in full year 2012

Net sales decreased 12 percent compared year-on-year. The decrease is broken down into these factors: volume/mix -3.2 percent, price -6.3 percent and currency -2.5 percent. Without any US dollar hedges the currency effect would have been -4.3 percent.

Operating profit decreased 27 percent primarily as a result of lower volume (-0.8 Mt), lower prices and a lower average dollar rate. Costs for urban transformation were also lower in comparison with 2012 and totalled MSEK 620 (1,094) for the full year.

Earnings from financial items were MSEK 259 less than last year, mainly due to a stronger Swedish krona and lower interest rates.

Operating cash flow was as follows:

	Full year 2013	Full year 2012	Change
Cash flow from operating activities	9,423	10,292	-860
Change in working capital	-866	980	-1,846
Capital expenditures	-6,123	-5,802	-321
Operating cash flow	**2,434**	**5,470**	**-3,036**

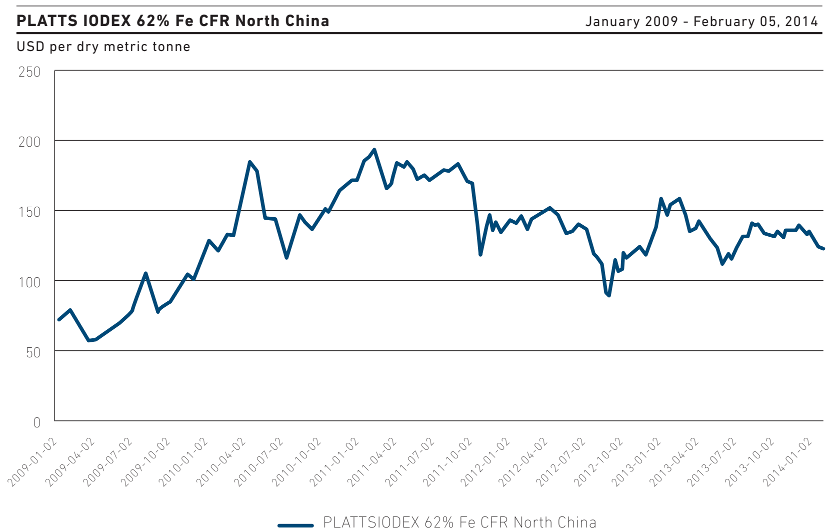
A tax refund on the previous year's earnings of MSEK 1,292 had a positive effect on cash flow from operating activities in 2013. A payment of MSEK 881 to the newly establish retirement benefit plan encumbered cash flow.

The change in working capital means more tied-up capital in accounts receivable as well as inventories.

The increase in payments for investments in property, plant and equipment mainly relate to investments intended to increase capacity according to the LKAB 37 growth program.

THE STEEL AND IRON ORE MARKET

Global iron ore price trend 2009–2013



The global demand for iron ore remains stable. Production figures from the major iron ore producers show continued production and delivery records. China's imports of iron ore increased by about 75 Mt in 2013 compared with 2012. Global crude steel production continues to increase. In the fourth quarter, production was about 390 Mt, an increase of about 6 percent compared with the same period in 2012. Increased demand, low steel inventories and slightly better prices make the outlook for 2014 better than 2013 for the steel industry.

The high demand has meant that the expected weakening of the price in the fourth quarter did not materialize; the spot price of seaborne iron ore has been relatively stable at about USD 130–140/tonne. In January 2014, the spot price fell by about 9 percent. Increased environmental requirements have driven up demand for high quality iron ore products, which in turn resulted in higher premiums for lump ore and pellets.

China

In 2014 steel consumption in China is expected to increase further, and in the medium-term demand for steel is expected to remain stable. The Chinese steel producers continue to have problems with poor profitability and increasing environmental requirements. However, margins in Chinese steelworks have improved somewhat. In the fourth quarter, China produced 188 Mt of crude steel, which is an increase of 8 percent compared with the same period in 2012. Crude steel production in China totalled about 779 Mt in 2013, an increase of about 54 Mt from last year.

Europe

In Europe, it seems as if the steelworks have put the worst behind them. Production of crude steel in Europe increased in the fourth quarter by 5.9 percent compared year-on-year. That was the first quarter of growth after three negative quarters. Steel producers are still suffering from poor profitability, but generally, LKAB's customers are cautiously optimistic about 2014.

The Middle East and North Africa (MENA)

Demand for steel remains strong thanks to investments in new infrastructure and new buildings. There is still political unrest, but the situation has stabilized recently.

USA

Production of crude steel in the US rose in the fourth quarter by 4.9 percent compared with the same period in 2012. The auto industry is growing rapidly, which is driving demand for plate steel products.

OPERATION IN SUMMARY – QUARTERLY AND ANNUALLY

	Q 4 2013	Q 4 2012	Full year 2013	Full year 2012
Net sales, MSEK	5,998	5,902	21,984	25,144
Gross profit, MSEK	2,124	954	7,877	11,022
Operating profit, MSEK	1,811	772	6,951	10,121
Gross profit margin, %	35	16	36	44
Operating margin, %	30	13	32	40
Production, Mt	6.9	6.8	25.3	26.2
Deliveries, Mt	6.6	7.6	25.5	26.3
Proportion of pellets, %	83	83	83	84

Net sales for the quarter increased somewhat, which is due primarily to higher prices, but they were negatively affected by lower volumes (-1.0 Mt) and a lower average dollar rate.

The improved operating profit in the quarter is also due to lower costs for urban transformation in 2013, which amounted to MSEK 224 (1,094) for the quarter. In 2012, all costs were recognized in the fourth quarter, while in 2013, the costs were recognized continuously during the year.

Net sales for the full year decreased by 12.6 percent compared with the previous year. The decrease is broken down into these factors: volume/mix -3.4 percent, price -6.3 percent and currency -2.9 percent. Without any US dollar hedges the currency effect would have been -4.3 percent.

The division's operating profit for 2013 decreased 32 percent compared with 2012. The gross profit margin decreased 8 percentage points primarily as a result of lower volume (-0.8 Mt), lower prices and a lower average dollar rate. Lower costs for urban transformation, which for the full year amounted to MSEK 620 (1,094), impacted operating profit positively compared year-on-year.

MINERALS DIVISION

OPERATION IN SUMMARY – QUARTERLY AND ANNUALLY

	Q 4 2013	Q 4 2012	Full year 2013	Full year 2012
Net sales	376	454	1,661	1,762
Gross profit	51	69	226	279
Operating profit	-2	28	63	132
Gross profit margin, %	14	15	14	16
Operating margin, %	-1	6	4	7

Sales in the fourth quarter, as in the previous quarter, were lower than expected. This is mainly due to low activity in the European building and construction industry. Signs of recovery are visible, particularly in Germany, France and the UK.

For the magnetite product area, increased interest and sales in the water treatment market in both the US and Europe were noted in the fourth quarter. Meanwhile, the first delivery of magnetite to China for use as a high density aggregate was made. Growing demand for and interest in LKAB Minerals' other key minerals was also seen.

Lower sales and operating profit for the full year was primarily due to lower activity in the building and construction industry. Operating profit was also negatively impacted by non-recurring costs in the fourth quarter.

SPECIAL BUSINESSES

OPERATION IN SUMMARY – QUARTERLY AND ANNUALLY

	Q 4 2013	Q 4 2012	Full year 2013	Full year 2012
Net sales	471	499	1,942	2,350
Gross profit	63	71	326	343
Operating profit	57	34	276	230
Gross profit margin, %	13	14	17	15
Operating margin, %	12	7	14	10

The lower sales in 2013 were primarily due to less business activity in the Mining Division during the year. Margins improved during the year despite reduced sales, especially for LKAB Berg & Betong. Improved earnings in LKAB Wassara also helped improve operating profit.

PARENT COMPANY

OPERATION IN SUMMARY - QUARTERLY AND ANNUALLY

	Q 4 2013	Q 4 2012	Full year 2013	Full year 2012
Net sales	5,979	5,866	21,918	25,054
Gross profit	1,930	897	7,567	10,904
Operating profit	1,650	690	6,732	10,083
Capital expenditures in property, plant and equipment	1,583	1,653	5,681	5,419
Liquidity	15,243	18,340	15,243	18,340
Gross profit margin, %	32	15	35	44
Operating margin, %	28	12	31	40

Net sales for the quarter increased somewhat, which is due primarily to higher prices, but they were negatively affected by lower volumes (-1.0 Mt) and a lower average dollar rate.

The improved operating profit in the quarter is also due to lower costs for urban transformation in 2013, which amounted to MSEK 224 (1,094) for the quarter.

Net sales for the full year decreased by 12.6 percent compared with the previous year. The decrease is broken down into these factors: volume/mix -3.4 percent, price -6.3 percent and currency -2.9 percent.

The Parent Company's operating profit for 2013 decreased compared with 2012. The gross profit margin decreased primarily as a result of lower volume (-0.8 Mt), lower prices and a lower average dollar rate. Lower costs for urban transformation, which for the full year amounted to MSEK 620 (1,094), impacted operating profit positively compared year-on-year.

TRANSACTIONS WITH RELATED PARTIES

In 2013, a loan was made from the Parent Company to subsidiary Norrskenet for investment in a Northland Resources bond. The loan was made on market terms.

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

RISKS AND UNCERTAINTY FACTORS

As an international Group, LKAB is exposed to various risks. Risk management is vital for minimizing the impact of factors that lie beyond the Group's control. There are methods within the Group for ensuring that the risks to which the company is exposed are managed according to established guidelines and methods, as well as for assessing and limiting these risks.

Major risks are LKAB's volume dependency, the pricing of iron ore and transaction exposure in US dollars.

Being in a phase of strong growth with high demand for iron ore products, protracted approval processes constitute a high risk that LKAB's planned production increase will be substantially delayed. This is illustrated further in the following Future Development section.

For further information concerning risks, please refer to LKAB's Annual Report for 2012.

FUTURE DEVELOPMENT

The iron ore market is growing and the demand for direct reduction pellets for gas-based iron and steel production is particularly expected to increase in coming years. If it is to continue as a preferred supplier, LKAB must be able to grow with its customers.

The strategy for the next few years includes a planned volume increase of just over 35 percent to reach an annual capacity of 37 Mt iron ore products by 2015. The planned production increase in the Mertainen surface mine is now delayed so that the full effect of LKAB's growth program has shifted. Most of the additional iron ore will come from new mines and mainly from the three surface mines in the so-called Svappavaara field: Gruvberget, Mertainen and Leveäniemi. Growth from the new surface mines increases LKAB's competitiveness through higher volumes, resulting in a lower cost per tonne.

Continued initiatives are required in order to guarantee research and development if LKAB is to maintain its technological leadership in iron ore pellets. LKAB is studying the possibility of creating a new research facility for direct reduction, which is the fastest-growing, most climate-efficient method of ironmaking.

Investment projects in progress and LKAB's future plans will entail major investments and thus large expenditures over the next few years. Furthermore, continued underground mining in Kiruna and Malmberget and the start-up of new mines in the Svappavaara orefield will entail major costs for their impact on communities in all three areas. LKAB must therefore remain financially strong and maintain a good earning ability to meet the future obligations that structural change will entail.

ACCOUNTING PRINCIPLES

The interim report was prepared in accordance with IAS 34 Interim Financial Reporting. The condensed consolidated 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 unless otherwise indicated. Rounding differences may occur.

In prior years, the Group has recognized provisions for remediation costs for the obligations on which economic surety has been placed. Starting in 2013 provisions for all legal and informal obligations will be recognized. This change was applied retroactively, which had an impact of MSEK -35 on the previous year's profit before tax. An adjustment of MSEK -559 (net of tax) in profit brought forward was made at 1 January 2012. The amount before tax is MSEK -716.

The accounting principles applied in the interim report correspond to the accounting principles applied when preparing the consolidated financial statements and annual report for 2012 with the exception of changes and new standards described under Note 1 in this interim report.

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

Luleå, 13 February 2014
Luossavaara-Kiirunavaara AB (plc)

Lars-Eric Aaro
President

FINANCIAL INFORMATION	DATE
Annual Report (published at www.lkab.com)	31 March 2014
Annual General Meeting	29 April 2014
Interim report Q1 2014	29 April 2014

Reports are available at www.lkab.com
Questions concerning this interim report may be directed to Lars-Eric Aaro, President and CEO, +46 70 3738106, or Leif Boström, Senior Vice President, Finance (CFO), +46 70 3738162, after its publication at www.lkab.com on Friday, 14 February at 9 a.m.

CONSOLIDATED INCOME STATEMENT

(Mkr)	Q 4 2013	Q 4 2012	Full year 2013	Full year 2012
Net sales	6,347	6,378	23,656	26,971
Cost of goods sold	-3,942	-5,189	-14,746	-15,183
Gross profit	**2,405**	**1,189**	**8,910**	**11,788**
Selling expenses	-43	-59	-148	-249
Administrative expenses	-203	-188	-643	-608
Research and development expenses	-128	-60	-356	-283
Other operating income	120	125	436	539
Other operating expenses	-162	-151	-560	-598
Operating profit	**1,989**	**856**	**7,639**	**10,589**
Financial income	144	155	611	733
Financial expenses	-147	-97	-482	-345
Net financial income/expense	**-3**	**58**	**129**	**388**
Profit before tax	**1,986**	**914**	**7,768**	**10,977**
Tax[1)]	-456	426	-1,736	-2,224
Profit for the period	**1,530**	**1,340**	**6,032**	**8,753**
Attributable to Parent Company shareholders	1,530	1,340	6,032	8,753
Earnings per share before and after dilution (SEK)	2,186	1,914	8,617	12,504

[1)] Effect of reduced corporate tax in Sweden of MSEK 719 is included in full year 2012 and Q4 2012.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

(Mkr)	Q 4 2013	Q 4 2012	Full year 2013	Full year 2012
Profit for the period	**1,530**	**1,340**	**6,032**	**8,753**
Other comprehensive income for the period				
Items not to be reversed to net profit for the period				
Actuarial gains and losses	119	-3	106	-203
Tax attributable to components in actuarial gains and losses	-26	-9	-23	44
Total items not to be reversed to net profit for the period	**93**	**-12**	**83**	**-159**
Items to be reversed to net profit for the period				
Exchange rate differences on translation for foreign entities for the period	60	24	-18	-18
Change in fair value of available-for-sale financial assets for the period	90	122	-90	-50
Changes in fair value of cash flow hedges for the period	-32	-78	72	226
Changes in fair value of cash flow hedges transferred to profit for the period	-28	-3	-226	65
Tax attributable to components of cash flow hedges	13	31	34	-67
Total items reversed to profit for the period	**103**	**96**	**-228**	**156**
Other comprehensive income	**196**	**84**	**-145**	**-3**
Total comprehensive income for the period attributable to the Parent Company shareholders	**1,726**	**1,424**	**5,887**	**8,750**

STATEMENT OF FINANCIAL POSITION

(Mkr)	31 Dec 2013	31 Dec 2012
ASSETS		
Non-current assets		
Intangible assets	257	277
Property, plant, and equipment	33,759	30,315
Participations in associated companies	0	0
Financial investments	1,075	993
Deferred tax asset	19	21
Non-current receivables	103	106
Total non-current assets	**35,213**	**31,712**
Current assets		
Inventories	2,611	2,493
Accounts receivable	3,291	3,060
Prepaid expenses and accrued income	131	93
Other current receivables	1,079	1,914
Current investments	10,801	13,235
Cash and cash equivalents	4,696	5,437
Total current assets	**22,609**	**26,232**
TOTAL ASSETS	**57,822**	**57,944**
EQUITY AND LIABILITIES		
Equity		
Share capital	700	700
Reserves	443	671
Retained earnings	40,329	39,714
Equity attributable to Parent Company shareholders	**41,472**	**41,085**
Total equity	**41,472**	**41,085**
Non-current liabilities		
Provisions for pensions and similar commitments	1,886	2,970
Provisions for urban transformation	4,804	4,934
Other provisions (Note 3)	1,167	1,054
Deferred tax liabilities	3,813	3,527
Total non-current liabilities	**11,670**	**12,485**
Current liabilities		
Accounts payable	1,744	1,760
Other current liabilities	227	196
Accrued expenses and prepaid income	1,103	1,418
Provisions for urban transformation	1,500	943
Other provisions	106	57
Total current liabilities	**4,680**	**4,374**
Total liabilities	**16,350**	**16,859**
TOTAL EQUITY AND LIABILITIES	**57,822**	**57,944**

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

MSEK	Share capital	Translation reserve	Fair value reserve	Hedge reserve	Profit brought forward incl. profit for the year	Total equity
	Equity attributable to Parent Company shareholders					
		Reserves				
Opening equity 1 Jan 2012	**700**	**-103**	**666**	**-48**	**36 679**	**37 894**
Adjustment for change in accounting of remediation costs, net of tax					-559	-559
Adjusted equity 1 Jan 2012	700	-103	666	-48	36,120	37,335
Profit for the year					8,753	8,753
Other comprehensive income for the year		-18	-50	224	-159	-3
Comprehensive income for the year		**-18**	**-50**	**224**	**8 594**	**8 750**
Dividend					-5 000	-5 000
Closing equity 31 Dec 2012	**700**	**-121**	**616**	**176**	**39 714**	**41 085**

MSEK	Share capital	Translation reserve	Fair value reserve	Hedge reserve	Profit brought forward incl. profit for the year	Total equity
	Equity attributable to Parent Company shareholders					
		Reserves				
Opening equity 1 Jan 2013	**700**	**-121**	**616**	**176**	**39,714**	**41,085**
Profit for the year					6,032	6,032
Other comprehensive income for the year		-18	-90	-120	83	-145
Comprehensive income for the year		-18	-90	-120	6 115	5 887
Dividend					-5,500	-5,500
Closing equity 31 Dec 2013	**700**	**-139**	**526**	**56**	**40,329**	**41,472**

CONSOLIDATED STATEMENT OF CASH FLOW

(MSEK)	Q 4 2013	Q 4 2012	Full year 2013	Full year 2012
Operating activities				
Profit before tax	1,986	914	7,768	10,977
Adjustment for items not included in cash flow	1,169	1,638	3,404	2,891
Income tax paid	1,252	-373	-573	-3,169
Disbursements for urban transformation	-94	-142	-295	-407
Disbursements for retirement benefit plan	-881		-881	
Cash flow from operating activities before changes in working capital	**3,432**	**2,037**	**9,423**	**10,292**
Cash flow from changes in working capital				
Increase (-)/Decrease (+) in inventories	-186	572	-118	-66
Increase (-)/Decrease (+) in operating receivables	-383	-62	-444	1,412
Increase (+)/Decrease (-) in operating liabilities	190	678	-304	-366
Change in working capital	**-379**	**1,188**	**-866**	**980**
Cash flow from operating activities	**3,053**	**3,225**	**8,557**	**11,272**
Investing activities				
Acquisition of property, plant and equipment	-1,722	-1,748	-6,141	-5,808
Disposal of property, plant and equipment	6	6	18	6
Acquisition/divestment of financial assets	190	-2,152	2,325[1)]	-3,729
Cash flow from investing activities	**-1,526**	**-3,894**	**-3,798**	**-9,531**
Financing activities				
Dividends paid to Parent Company shareholders			-5,500	-5,000
Cash flow from financing activities	-	-	-5,500	-5,000
Cash flow for the period	**1,527**	**-669**	**-741**	**-3,259**
Cash and cash equivalents at start of period	3,169	6,106	5,437	8,695
Cash and cash equivalents at end of period	4,696	5,437	4,696	5,437
Change in cash and cash equivalents	**1,527**	**-669**	**-741**	**-3,259**
Sub-components of cash and cash equivalents				
Cash and bank balances			508	642
Current investments (maturity <90 days)			4,188	4,794
Cash and cash equivalents			**4,696**	**5,437**
LIQUIDITY				
Cash and cash equivalents			4,696	5,437
Current investments (90 days < maturity < 1 year)			10,801	**13,235**
			15,497	**18,672**

1) Amount includes investment in a bond via Norrskenet AB for Northland Resources.

OPERATING CASH FLOW

(MSEK)	Q 4 2013	Q 4 2012	Full year 2013	Full year 2012
Cash flow from operating activities	**3,053**	**3,225**	**8,557**	**11,272**
Acquisition of property, plant and equipment	-1,722	-1,748	-6,141	-5,808
Disposal of property, plant and equipment	6	6	18	6
Operating cash flow (excluding current investments)	1,337	1,483	2,434	5,470
Acquisition/divestment of financial assets	190	-2,152	2,325[1)]	-3,729
Cash flow from financing activities			-5,500	-5,000
Cash flow for the period	**1,527**	**-669**	**-741**	**-3,259**

1) Amount includes investment in a bond via Norrskenet AB for Northland Resources.

PERSONNEL

	Full year 2013	Full year 2012
Average number of employees	4,427	4,357
– of which women	838	788
– of which men	3,589	3,569

KEY RATIOS IN PERCENT

	Full year 2013	Full year 2012
Gross profit margin	37.8	43.7
Profit margin	33.0	40.7
Return on equity	14.7	22.2
Equity/assets ratio at end of period	71.7	70.9

LKAB - PARENT COMPANY

INCOME STATEMENT

(MSEK)	Q 4 2013	Q 4 2012	Full year 2013	Full year 2012
Net sales	5,979	5,866	21,918	25,054
Cost of goods sold	-4,049	-4,969	-14,351	-14,150
Gross profit	**1,930**	**897**	**7,567**	**10,904**
Selling expenses	-21	-30	-67	-153
Administrative expenses	-154	-137	-497	-468
Research and development expenses	-131	-59	-345	-271
Other operating income	116	119	377	466
Other operating expenses	-90	-100	-303	-395
Operating profit	**1,650**	**690**	**6,732**	**10,083**
Net financial income / expense	**70**	**-173**	**513**	**732**
Profit after financial items	**1,720**	**517**	**7,245**	**10,815**
Appropriations	-1,762	-2,358	-1,762	-2,358
Profit/loss before tax	**-42**	**-1,841**	**5,483**	**8,457**
Tax	46	456	-1,171	-2,210
Profit for the period	**4**	**-1,385**	**4,312**	**6,247**

STATEMENT OF COMPREHENSIVE INCOME

(MSEK)	Q 4 2013	Q 4 2012	Full year 2013	Full year 2012
Profit/loss for the period	4	-1,385	4,312	6,247
Other comprehensive income for the period				
Comprehensive income for the period	**4**	**-1,385**	**4,312**	**6,247**

BALANCE SHEET

(MSEK)	31 Dec 2013	31 Dec 2012
ASSETS		
Non-current assets		
Intangible assets	42	73
Property, plant, and equipment	27,294	24,557
Financial assets		
Participations in subsidiaries	1,490	1,410
Participations in associated companies	0	0
Receivables from subsidiaries	1,042	1,142
Other non-current securities holdings	129	129
Other non-current receivables	170	185
Deferred tax asset	678	486
Total financial assets	**3,509**	**3,352**
Total non-current assets	**30,845**	**27,982**
Current assets		
Inventories	2,111	1,946
Current receivables		
Accounts receivable	3,008	2,918
Receivables from subsidiaries	2,053	1,398
Other current receivables	814	1,507
Prepaid expenses and accrued income	95	70
Total current receivables	**8,081**	**5,893**
Current investments	14,878	17,883
Cash and bank balances	**365**	**457**
Total current assets	**23,324**	**26,179**
TOTAL ASSETS	**54,169**	**54,161**

BALANCE SHEET

(MSEK)	31 Dec 2013	31 Dec 2012
EQUITY AND LIABILITIES		
Equity		
Restricted equity		
Share capital (700,000 shares)	700	700
Statutory reserve	697	697
Non-restricted equity		
Retained earnings	18,608	17,861
Profit for the year	4,312	6,247
Total equity	**24,317**	**25,505**
Untaxed reserves	18,487	16,866
Provisions		
Provisions for urban transformation	4,804	4,934
Other provisions	1,597	2,148
Total provisions	**6,401**	**7,082**
Current liabilities		
Accounts payable	1,406	1,394
Liabilities to subsidiaries	945	991
Other current liabilities	143	98
Accrued expenses and deferred income	864	1,225
Provisions for urban transformation	1,500	943
Other provisions	106	57
Total current liabilities	**4,964**	**4,708**
TOTAL EQUITY AND LIABILITIES	**54,169**	**54,161**
Pledged assets	**245**	**236**
Contingent liabilities	**109**	**126**

KEY RATIOS IN PERCENT

	Full year 2013	Full year 2012
Gross profit margin	34.5	43.5
Profit margin	33.1	43.2
Return on equity	11.1	16.7
Equity/assets ratio at end of period	71.5	71.4

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).

Equity/assets ratio: Equity as a percentage of total assets.

Note 1 Changed accounting principles and new standards

Revised IAS 19: Employee Benefits – Defined-Benefit Pension Plans

The revised IAS 19 (IAS 19R) is applicable as of 1 January 2013. Among other things, IAS 19R states that it is no longer permissible to report actuarial gains and losses according to the so-called corridor method. The revised recommendation also contains guidance concerning how taxes payable on pension benefits must be reported, so the Swedish Financial Reporting Board's UFR 4 Reporting Special Contribution Tax on Pension Expenses and Capital Gains Tax is no longer applied. When reporting capital gains tax, a new declaration from the Swedish Financial Reporting Board UFR 9 Reporting Capital Gains Tax is applied. Because LKAB already reports actuarial gains and losses directly in other comprehensive income, the change to IAS 19R, which removes the so-called corridor method, will have no significant effect on LKAB's financial position and reported pension expenses. Previously LKAB also reported taxes payable on pension benefits according to a method consistent with IAS 19R.This means that the introduction of IAS 19R will not have any material effect on equity as per 1 January 2012 and 31 December 2012.

According to IAS 19R, actuarial gains and losses are reported as a revaluation of defined-benefit pension plans in other comprehensive income. Revaluations reported in other comprehensive income may not be reversed to the income statement in subsequent periods.

Furthermore, IAS 19R explains that when calculating defined-benefit pension expenses in the income statement, anticipated returns on plan assets no longer constitute an assumption that must be reported in the income statement. Instead, the anticipated return on plan assets and the discount effect are replaced by net interest income which must be calculated using the same discount rate used when calculating the defined-benefits pension obligation. This means that the presentation of pension expenses has changed as a result of the introduction of IAS 19R, which has also affected the reporting of items in other comprehensive income. The comparative figures for 2012 have been restated in compliance with the transition rules in IAS 19R. These changes had a negative effect on net financial income/expense of MSEK 11 for the full year 2012 and MSEK 2.8 for Q4 2012. The corresponding amount increased for the periods concerned in other comprehensive income.

Revised IAS 19 also entailed changed principles for reporting compensation for termination. However, this change has had no effect on LKAB's financial statements

IFRS 13 Fair value measurement

The new IFRS 13 standard replaces earlier guidance provided in standards concerning fair value measurement. The standard applies to fair value measurement of both financial and non-financial items. Fair value is defined as the price that would have been received for the sale of an asset or the compensation that would be paid for transferring a liability in a normal transaction between market players at the time of valuation (exit price). IFRS 13 was applied prospectively as of 1 January 2013. However, this change had no material effect on LKAB's financial statements.

IFRS 13 requires that several quantitative and qualitative disclosures be presented in the annual report concerning fair value measurement. As a result of the disclosure requirements in IFRS 13, IAS 34 Interim Financial Reporting has also been updated and now requires interim reports published commencing 1 January 2013 to contain specific disclosures regarding financial instruments reported at fair value. The change to IAS 34 also requires disclosures to be made in interim reports regarding the fair value of financial instruments reported to accrued cost. Refer to Note 2 for this information in the interim report.

IFRIC 20 Stripping Costs in the Production Phase of a Surface Mine

Current mining operations in the LKAB Mining Division are carried out in underground mines. In 2013 mining began in the Gruvberget surface mine in Svappavaara, which is currently LKAB's only surface mine. In 2012, surface mining operations were limited so earnings and financial position for 2012 would not have been reported differently if IFRIC 20 had been applied in 2012. Commencing 1 January 2013, LKAB reports stripping costs as an asset written off on the basis of production.

In compliance with the transition rules in IFRIC 20, stripping costs are reported according to the above principle and applied to stripping costs that have arisen commencing 1 January 2012.

IAS 1 Presentation of Financial Statements – Presentation of Other Comprehensive Income

Changes to IAS 1 Presentation of Financial Statements require additional disclosures in other comprehensive income so that items are grouped into two categories: a) items that will not be transferred to earnings and b) items that will be transferred to earnings if certain criteria are met. LKAB's application of the changes introduced into IAS 1 is shown in the consolidated statement of other comprehensive income. These changes only affected the presentation of items reported in other comprehensive income but had no effect on reported financial position or profit for 2012 nor are they anticipated to have any effect on future presentations of profit/loss.

Revised IFRS 7 Financial Instruments: Disclosures

The changes in IFRS 7 entail additional disclosure requirements regarding financial assets and liabilities whose value is offset in the balance sheet or which are subject to various legally binding framework agreements or other risk-reducing agreements.

Other IFRS changes

No other new or revised IFRSs and interpretations from IFRIC other than those mentioned above have been applied or had any material effect on the Group's or Parent Company's financial position, earnings or disclosures. LKAB has chosen not to apply IFRS 10–12 and the changed standards in IAS 27 and IAS 28 in advance but will apply them commencing 1 January 2014.

Note 2 Disclosure regarding financial instruments

The following tables show how fair value was determined in the financial instruments reported at fair value in the statement of financial position. A breakdown of how fair value is determined is carried out on three levels.

Level 1: According to prices quoted on an active market for such instruments.
Level 2: According to direct or indirect observable market data not included in Level 1.
Level 3: According to input data that is not observable on the market.

Group, 31 Dec 2013

(MSEK)	Level 1	Level 2	Level 3	Total
Shares, financial assets	686			686
Interest-bearing financial assets	113			113
Shares, current holdings	705			705
Interest-bearing instruments		10,096		10,096
Non-current receivables		103		103
Cash and cash equivalents	4,696			4,696
Forward exchange contracts (USD)		94		94
Total	**6,200**	**10,293**		**16,493**

The interest-bearing instruments category (Level 2) refers to bond obligations that are reported at prices quoted on the bond and derivatives market. Non-current receivables (Level 2) are calculated by measuring the present value of capital cash flows. Forward exchange contracts (Level 2) are calculated based on a model using prices from Reuters.

Fair value calculation. The following is a summary of the principal methods and assumptions used in determining the fair value of financial instruments reported in the table above.

Securities. For listed financial assets, fair values correspond to the asset's buying rate on the closing date.

Derivative instruments. Forward exchange contracts are calculated at current market prices by using quoted market prices. The discount rate used is the market interest rate on similar instruments quoted on the closing date.

Other receivables and liabilities. The carrying amount of other receivables and liabilities is equivalent to fair value.

Note 3 Remediation costs

Remediation costs of MSEK 1,067 (1,038) are included in other provisions. Analysis and measurement of remediation costs for both discontinued and active operations was carried out in 2013. The work was completed in the fourth quarter, which meant an adjustment to the previous application.

In prior years, the Group has recognized provisions for remediation costs for the obligations on which economic surety has been placed. Starting in 2013 provisions for all legal and informal obligations will be recognized. The change was applied retroactively and impacted the financial statements for the comparative year. Profit for the year was affected by MSEK -27 (-27) and profit brought forward at the beginning of 2012 was adjusted by MSEK -559 (net of tax). The amount before tax is MSEK -716.

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