



Attachments:

PRESS RELEASE

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Interim Report July–September 2021: LKAB’s results send a clear message of strength for the future

LKAB continues to deliver operating profit at a historically high level despite the iron ore price waning somewhat. Operating cash flow was the highest ever for a single quarter, putting us in a stronger position from which to lead the transition of the iron and steel industry towards a sustainable future.

Net sales for the third quarter amounted to MSEK 12,744 (9,333). Operating profit increased by more than 160 percent compared with the same quarter last year and amounted to MSEK 7,769 (2,955). Operating cash flow was strengthened by 350 percent and amounted to MSEK 7,430 (1,651), mainly thanks to the strong earnings.

Operating profit benefited from higher prices for highly upgraded iron ore products which were offset by lower delivery volumes, a lower dollar exchange rate and higher costs.

The average global spot price for iron ore products was USD 164 (118) per tonne for the quarter, which was USD 36 lower than in the previous quarter. The price at the end of the quarter was USD 118 per tonne. Quoted pellet premiums were at a higher level than in the same period last year and were also higher than in the second quarter of this year.

“The market situation remains favourable, while at the same time we are maintaining our production and delivery volumes at a good level. Presenting results at this level for the third quarter in a row sends a clear message of strength for the future. The extensive investments ahead of us in the coming 15–20 years that will enable us to supply carbon-free sponge iron to the steel

industry require good profitability in the existing production structure,” says Jan Moström, President and CEO of LKAB.

Stable production and delivery volumes

The delivery volume for the quarter was 6.3 (7.6) Mt and was affected by lower inventory levels and by a maintenance shutdown at the port in Narvik, making it lower than the record delivery volume achieved in the same quarter last year. Demand from steelmakers for our products continues to be very good.

The production volumes were affected mainly by extended maintenance shutdowns associated with corona measures in the spring, but despite this were on a par with the previous year and amounted to 6.7 (6.8) Mt.

First in the world to produce hydrogen-reduced sponge iron

During the quarter another milestone was reached in the HYBRIT initiative when SSAB produced the world’s first fossil-free steel from LKAB iron and delivered it to a customer. This trial delivery is an important step along the way to an entirely fossil-free value chain for iron- and steelmaking.

Permit application for the operations in Kiruna

After the end of the quarter the Land and Environment Court notified that it was rejecting LKAB’s application for the existing operations in Kiruna in its entirety. The permit application aims to enable environmental improvement measures and create the conditions for more modern operations and a faster rate of mining for the ore that LKAB is already permitted to mine. What consequences this will have, in the short and the long term, for LKAB’s transition to the production of carbon-free sponge iron is currently being assessed. LKAB will appeal the court’s decision.

“The permit processes are the single greatest challenge to our operations and, by extension, to Sweden achieving its climate goals. We see a need to get these right so that they really deliver the increased environmental and social benefit which is crucial for the entire transformation and all the investments we are planning for,” says Jan Moström.