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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, effects to reduce costs are having a positive effect. Operating profit for the second quarter totalled MSEK -228 (-417).

The world's major iron ore producers continue to increase their production volume despite an oversupply of iron ore. Given the market situation, demand for LKAB's high-grade iron ore products remained stable and the pellet premium is in line with last year, which favours LKAB with a pellet proportion of 84 (83) percent for the quarter.

Deliveries totalled 5.3 (6.0) Mt. Beside 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.

A comprehensive effort to cut costs is in progress and negotiations on organisational changes were conducted during the quarter. Savings to date of the previous announced MSEK 700 for 2015 total MSEK 380.

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.

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